The Highland Council	Agenda Item	5
Audit and Scrutiny Committee – 17th November 2015	Report No	AS/27/15

Action Tracking Report

Report by Head of Audit & Risk Management

Summary

The Audit and Scrutiny Committee receives regular updates to provide assurance that the agreed actions arising from audit reports have been satisfactorily implemented. This report provides information regarding the most recent action tracking undertaken since the last update provided to Committee on 19/06/14. This update covers the period from 01/06/14 to 31/10/15.

1. Action Tracking Process

1.1 The action tracking process operates as follows:

(1) Audit reports contain an Action Plan which details the areas of concern; management agreed action; target date for implementation; and the title of the Officer responsible for implementation.

(2) Once all of the target dates in the audit report have passed, the audit recommendations are action tracked. This involves contacting the appropriate Manager(s) to confirm that the agreed actions have been implemented.

(3) Where the agreed management action has not been undertaken, an explanation is requested. However, if this response is considered to be unsatisfactory, it is subject to further audit enquiry and/ or investigation. A revised implementation date will be agreed and this is action tracked once this date has expired.

(4) Where the action is not implemented by the agreed date and a revised date is agreed, this is reported back to the Audit and Scrutiny Committee (ASC) Committee. In addition, where target dates have been changed, this is also reported.

1.2 Where an audit is undertaken on an annual basis, the management agreed actions are followed up as part of the following's year's audit work. Such audits include the Leader Programme, Verification of Performance Indicators, Housing and Council Tax Benefit payments and Corporate Governance. Any outstanding recommendations are carried forward into the following year's report.

1.3 In addition to the action tracking process, individual follow-up audits are undertaken where the previous audit report had a number of high priority findings and/ or the audit opinion consisted of "limited assurance". The 2014/15 audit plan had two such audits; Corporate Internet Use and the Administration of Fuel Cards. The first follow-up audit has been completed with the report findings provided to Committee on 26/03/15. In addition, this

has also been action tracked and the results of this provided within this report. The audit of the Administration of Fuel Cards is substantially complete but remains on hold until the respective Auditor returns from sick leave and can finalise this. The 2015/16 plan has 3 follow-up audits consisting of Inspection of equipment in Schools, School off-site excursions, Grass Cutting contract - monitoring and contract payment arrangements. All of these follow-ups are being undertaken and are nearing completion.

1.4   Regardless of the method used as described in 1.1 – 1.3 above, the results are summarised in the table provided at **Appendix 1**.

1.5   It has been reported to the A&S Committee on previous occasions that there have been problems whereby management agreed actions have not been implemented by the target date. Revised procedures were put in place in June 2013 by the Head of Audit & Risk Management to ensure that management agreed actions are implemented timeously, including where a revised date is required this is flagged as an issue and escalated, and requests for time extensions are approved by a senior manager/ Director.

Despite these revised procedures, both the 2013/14, and 2014/15 Statement on Internal Control and Annual Report referred to the failure by management to implement audit actions, particularly the high grades, as agreed.

In view of the above, the Head of Audit & Risk Management wrote to all Directors and Service administrators of the Performance and Risk Management system (PRMS) in June 2014 and reminded them of the following:

- Actions should only be signed off as complete by the responsible Head of Service.
- Where extensions of time are sought to implement agreed actions, requests must be made by the responsible Head of Service to the Head of Audit & Risk Management.
- The monitoring of outstanding actions should form part of regular performance monitoring within each Service.

2.   Action Tracking/ Follow-up Findings

2.1   The report attached as **Appendix 1** provides a summary of all audit reports issued which have been subject to action tracking/ follow up. This shows that a total of 243 audit recommendations were made and the current position is that:

- 221 (91%) actions have been satisfactorily implemented. This compares with 88% of actions implemented when the previous action tracking report was presented in June 2014.
- 17 actions have not been implemented and have revised target dates, further details are provided in section 2.2 below.
- There are 4 low/medium priority actions where the decision has been made to tolerate the associated risks and to record these on the ICT Service's risk register, pending ICT re-provision.
- 1 action is not yet due.

Although a high number (91%) of agreed actions have been satisfactorily implemented the latest exercise has shown that the previously agreed

procedures are still not always being followed in that, on occasions, there have been no requests for time extensions. On that basis, there has been a lack of monitoring and ownership of the audit actions concerned.

Audits with revised target dates and actions carried forward into the following year's report are action tracked once the target dates have passed in order to ensure that the agreed actions have been satisfactorily implemented. The outcome of this will be included in the next annual action tracking report to Committee. Therefore, Committee can be assured that all agreed actions are subject to a robust action tracking process and are informed of the results on an annual basis.

2.2 Within the 17 actions with revised target dates, there are 7 audits with 9 actions which have had a number of revised dates and these are summarised below. The original Action Plans are provided identifying which actions have been completed and where actions remain incomplete explanations have been provided. These can be found at **Appendices 2 - 8** of this report.

- ICT Contract (**Appendix 2**)

  There are 2 medium grade outstanding actions where the revised target dates have been agreed. Both of these actions relate to issues that were to be addressed in the new ICT contract arrangements and the revised target date agreed is 04/07/16; the planned date when the contract(s) will be signed. On the basis of the changed date, the time extension is considered reasonable.

- Schools – Financial Procedures (**Appendix 3**)

  There are 2 outstanding actions with revised target dates. However, it is acknowledged that the specific issues identified during the audit have been addressed. Action 3.1.1 which is graded low relates to the need to ensure that the process for the review of school budgets is continued when the Head Teacher is on long term absence and acting-up arrangements are put in place. This has been recognised with the Service and has been addressed but there is still a need to document this within the Devolved School Management scheme which is to be reviewed prior to August 2016. The other high graded action (3.3.1) relates to issues with school lets income that was identified within a specific school which has been addressed and all schools have been reminded of the current policy that should be adhered to. A review of the school lets charging policy is to be undertaken and this has a target date for completion of March 2016.

- School Transport (**Appendix 4**)

  This audit had 2 medium graded actions both of which had a number of sub-actions to be addressed with different target dates. Some of these have been completed but those that remain outstanding mainly relate to issues that were to be addressed when revising the School Transport Policy (STP). This Policy is being drawn up jointly by Community Services and the Care and Learning Service. This has been delayed due to difficulties with two particular aspects of the Policy; management of pupil behaviour on school transport; and revisions to the entitlement to transport to attend Gaelic Medium/ denominational education, also staff have been

involved in the re-tendering of transport contracts. Therefore, the date has now been revised for the Policy to be completed and then approved by the Community Services Committee at its meeting of 20/01/16.

In addition, there are 2 sub-actions which relate to the information provided to parents which will be addressed once the new policy is in place. A revised target date of 31/03/16 was previously agreed.

- Business Continuity Planning arrangements (follow-up) (**Appendix 5**)

A number of the outstanding actions which had revised target dates have now been completed. 1 medium grade action (3.1.3) remains in respect of BCP training, and a revised target date has been agreed as this could not be undertaken until the new Corporate and Service plans had been produced.

- Oracle Financials (**Appendix 6**)

1 medium grade action (3.1) remains outstanding and the target date has been revised several times from 01/04/15 to the current target date of 31/12/15. This action relates to the need to produce a new Access Control Policy for the Integra financial system which has not been undertaken due to other competing work demands.

- Human Resource Security (**Appendix 7**)

1 high and 2 medium grade actions were made and all of these remain outstanding and the target dates have been revised for the second occasion. All actions are being progressed with revised target dates of 31/12/15.

- Housing Revenue Account – Reconciliation Investigation (**Appendix 8**)

This audit had 3 high and 1 medium graded actions. 2 of the high grade actions have been completed. The other actions have multiple parts, 1 part of action 3.1 remains outstanding and the target date has been revised twice due to issues with the data provided on the report from the Housing System. 2 parts of action 3.2.3 have been completed and the third part is not due until 31/03/16.

3.   Implications

3.1   There are no Resource; Legal; Equalities; Climate Change/Carbon Clever; Risk and Gaelic and Rural implications arising from this report.

3.2   The implementation of the management agreed actions will reduce the risk exposure to the Council.

Recommendation

Members are asked to note the action tracking information provided including the revised target dates for the completion of outstanding actions.

Designation: Head of Audit & Risk Management

Date: 6th November 2015

Author: Donna Sutherland, Audit & Risk Manager

Background Papers:

Action Tracking Report - Highland Council Completed Actions

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	**Date Revised**	**No Action**	**Outstanding**	
HK07/006.bf.bf.bf - BACS Payments	23/11/11	12	9	0	3	0	When last reported there were 3 actions with revised target dates. Since then BACS has moved to a cloud-based solution. It has been agreed that the actions will be tolerated and have been included in the ICT Risk Register.
HE16/006.bf - The e-planning System	22/02/12	14	14	0	0	0	When last reported, there was 1 action with a revised target date. This has now been completed.
HH14/005.bf - Corran Ferry Income Collection	10/09/12	3	3	0	0	0	When last reported there was 1 action with a revised target date. This has since been completed.
HA20/009.bf.bf - ICT Contract	11/06/13	14	12	2	0	0	The 2 outstanding actions relate to ICT Re-provision. See Appendix 2 for further details.
HE04/002 - LEADER Programme 2011/12	26/02/13	7	7	0	0	0	When this was followed up as part of the next year's audit there were 2 outstanding high graded actions. These related to the EU Regulations Information Systems Security Standard requirements and Random Selection Methodology. Both of these recommendations were carried forward into the next year's report. Therefore shown as cleared for the purposes of this report.
HC13/012.bf.bf - Schools	22/07/13	18	16	2	0	0	When last reported there were 5 actions with revised target dates. 3 of these have since been completed and for the 2 remaining, the specific actions have been addressed but wider actions are being taken across the Service as well. See Appendix 3

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	for further details.
HD20/001.bf - Housing Stores/ Repairs and Maintenance	16/09/13	4	4	0	0	0	When last reported 1 action had a revised target date, this has now been completed.
HA20/012.bf - ICT Monitoring of Curriculum Usage	06/11/13	7	7	0	0	0	
HC52/001.bf.bf - Governance of Arms Length External Organisations	12/11/13	9	9	0	0	0	
HE04/003 - Leader Programme 2012/13	17/12/13	4	4	0	0	0	Again, these are followed up in the next year's audit. 3 of the 4 medium grade actions had not been fully addressed and were carried forward as recommendations into the next year's report so are marked as cleared. These actions relate to irregularity reporting, project eligibility, and yet again EU Regulations Information Systems Security Standard requirements.
HE14/002 - AXIS 4 - European Fisheries Funding Project 2012/13	20/12/13	6	6	0	0	0	These are also followed up in the next year's report. 3 of the 6 medium grade actions had been completed. The remaining 3 actions (non-compliance with Service Level Agreement requirements, non-compliance with EU regulations and minor project file issues) had further recommendations made in the next year's report. Therefore, they are now shown as cleared.
HK07/012.bf - Access and Authorisation Controls	19/02/14	6	6	0	0	0	
HK09/008.bf – Debtors	10/03/14	7	7	0	0	0	
HK24/004.bf.bf - Travel & Subsistence - Travel Desk Arrangements	14/03/14	6	6	0	0	0	

HA20/016 - Data Handling and Security	18/03/14	8	8	0	0	0	

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HD16/001 - Compliance with Carbon Reduction Energy Efficiency Scheme 2012/13	18/03/14	1	1	0	0	0	When followed up in the next year's audit, this low grade recommendation which related to the collating of the checking processes had not been fully addressed and so a further recommendation was made in the next report.
HA20/010.bf.bf - Information Security	19/03/14	7	6	1	0	0	1 medium grade action has had the date revised from 31/12/14 to 04/07/16. This relates to the need for an agreed process for the spot checking of the asset disposal process and the Configuration Management Data Base (CMDB) requirements to be assessed. This was due to be addressed as part of the new ICT contract and this has been revised to accord with the planned date for signing of the ICT contract(s).
HG05/011.bf - Payments to Nursery Providers (follow-up)	21/05/14	2	2	0	0	0	
HA50/002.bf - Verification of Performance Indicators 2012/13	27/05/14	2	2	0	0	0	
HK28/004.bf - Pension System	01/06/14	7	7	0	0	0	
HA20/017.bf - Highland Archive Centre (HLH)	10/06/14	5	5	0	0	0	
HC39/009.bf - School Meals Income Collection and Monitoring Systems (follow-up)	10/06/14	6	6	0	0	0	
HH02/002.bf.bf - Grass Cutting contract - monitoring and contract payment arrangements	10/06/14	3	3	0	0	0	The follow-up audit has been undertaken which showed that 1 action had been fully implemented and 2 partially implemented. These will be taken forward as new recommendations in the 2015/16 report and have been marked as cleared for this report.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HH03/001.bf.bf - School Transport	10/06/14	2	0	2	0	0	Both recommendations have multiple actions against them. Some of these have been completed but other actions have target dates which have now been revised twice as the new School Transport Policy has not yet been produced and approved by Committee. See Appendix 4 for further details.
HA49/006.bf - Corporate Governance Arrangements 2013/14	06/08/14	1	1	0	0	0	
HBB02/001.bf - Verification of Performance Indicators 2013/14	18/08/15	2	2	0	0	0	
HDB03/001 - Housing Benefit Payments and Council Tax Reduction Scheme 2013/14	27/08/14	3	3	0	0	0	
HK07/013.bf – Creditors	28/08/14	6	6	0	0	0	
HH01/001.bf - Business Continuity Planning arrangements (follow-up)	09/09/14	8	7	1	0	0	1 action remains outstanding and a revised target was agreed. This action is for BCP training to be undertaken and this can now commence as the General and Service BCPs are in place. See Appendix 5 for further details.
HA20/019.bf - End user computing	11/09/14	2	2	0	0	0	
HC13/019.bf - School off-site excursions	04/11/14	4	4	0	0	0	The follow-up audit has been undertaken which showed that 1 action was fully and 1 action partially implemented. The other 2 actions have not been addressed and will be taken forward as new recommendations in the 2015/16 report. Therefore they have been marked as cleared for this report.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HK07/014.bf - Oracle Financials	05/11/14	2	1	1	0	0	1 action with regard to the need for an Access Control policy for the Integra system remains outstanding. This date has been revised on several occasions, see Appendix 6 for further details.
HE20/002.bf - Review of Employability Service	10/11/14	5	5	0	0	0	
HG05/010.bf - Commissioning of Children's Services	10/11/14	3	2	1	0	0	2 outstanding actions due to be completed by 31/08/15. 1 medium action completed, however 1 high grade action surrounding a commissioning strategy is now in final draft form and work on a commissioning plan is underway with an anticipated end-date of December 2015.
HG12/004.bf.bf - Children's Units	10/11/14	10	10	0	0	0	
HBB01/004 - Human Resource Security	11/11/14	3	0	3	0	0	All 3 actions were originally due to be completed by 28/02/15. The target dates have now been revised twice, see Appendix 7 for details.
HDC03/001 - Matters arising from the Highland Council's Statement of Internal Control 2013/14	11/11/14	3	3	0	0	0	
HE05/003.bf - Uniform System	11/11/14	5	5	0	0	0	
HBA02/002 - Corporate Internet Use (follow-up)	16/02/15	4	3	0	1	0	As part of the follow-up audit, it was agreed that 1 previously agreed action would not be addressed due to Council restructuring and the cost and complexity of updating user groups in the filtering. Instead it was agreed that that this risk would be tolerated and recorded on the ICT Services Risk Register together with appropriate mitigating actions.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HK30/008.bf - Capital monitoring and budgetary control	09/03/15	1	1	0	0	0	
HBA04/001 - Review of payments through the Service Centre	17/03/15	3	2	1	0	0	The target date for 1 medium grade action has been amended from 31/05/15 to 31/12/15. This relates to the need to reinstate the "pause" functionality on the telephone system. The upgrade of the telephone system took place but this highlighted an issue with compatibility of the pause functionality and the new technology. Instead it was decided that the new automated payment facility would address this issue but this has been delayed due to a combination of factors including a firewall issues between the supplier's technology and the Council's networks, and PCI compliance.
HBB01/002 - Workforce Planning arrangements	27/03/15	1	1	0	0	0	
HDB04/001.bf - Scottish Welfare Fund payments	16/04/15	4	3	1	0	0	Revised dates have been agreed for action 3.5.2 due to system issues. The first point relates to the payment analysis and payment history not agreeing for some claimant records This has now been resolved but the monthly expenditure totals can change after the data has been reconciled. This point is being addressed with the system supplier and the target date has been revised from 31/07/15 to 31/03/16. The other issue is that whilst monthly reconciliations are being undertaken there have been some issues with extracting the relevant data from the new Integra system. In order to address this the target date has been revised from 31/07/15 to 31/12/15.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HDA14/001.bf - Investigation into Housing Revenue Account reconciliation process	09/06/15	4	2	1	0	1	Action 3.1 has multiple parts, 1 of which is still outstanding and has been subject to revised target dates due to issues with system reports. 2 parts of action 3.2.3 have been completed with the final part not due until 31/03/16 so this is still shown as outstanding. See Appendix 8 for further details.
HAC04/001.bf - Community Payback Orders	10/06/15	8	7	1	0	0	1 low grade action has a revised target date from 30/09/15 to 17/12/15 which relates to the production of a standard policy for the production of benches and the selection of charities to which these will be donated.
HDB01/001.bf - Council Tax - Billing and Collection	08/09/15	1	1	0	0	0	
Totals		**243**	**221**	**17**	**4**	**1**	

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.1	1) Because the supplier has not delivered an adequate Asset Register, Utility Charging has not yet commenced so the Council is paying for baseline monthly volumes of Core Services as opposed to actual volumes.	High	1) Utility Charging will be fully implemented.	Corporate ICT Manager	31/08/13	Yes
	2) ICT Services have had to provide additional information to the supplier on exactly what source information is required to support Utility Charging. This is because the Contract does not specify clearly enough what source information is required to validate/evidence the supplier's calculation of volumes.		2) For future contracts we would include detailed source information requirements to validate/evidence supplier's calculation of volumes.	Corporate ICT Manager	31/03/15	Yes
3.1.2	In respect of Utility Charging, the two Core Services that have not yet been agreed are server volumes and gigabytes used for storage. In accordance with the Contract, ICT Services will correctly only pay for baseline volumes until it is satisfied with Utility Charging. The Core Services baseline volumes in the Contract show that it was expected that the number of servers would reduce significantly from 670 to 400. The supplier has stated it has not reduced the number of servers as expected in the baseline and the actual server volumes, along with storage volumes, have been subject to commercial negotiations between senior Council staff and the supplier. The commercial negotiations have reached to an agreement in principle.	Medium	For future contracts we would ensure that the supplier gave detailed information of how reductions and savings would be delivered. **Update** This will be addressed as under the new ICT contract(s) arrangements.	Corporate ICT Manager	31/03/15 Revised to 04/07/16	No

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.3	The review found 3 areas for improvement regarding the monitoring users, mobile phones and landline phones volumes, namely: 1) ICT Services carried out an exercise to ensure that staff members who have left the Council have had their network access rights disabled in order to ensure that the number of live users charged for is kept to a minimum. The exercise identified that a total of 1,436 service management user accounts required to be removed and this reduced the actual figure as at 1 November 2012 to 8,774 service management user accounts. This is higher than the baseline figure of 8,608 and indicates that it is quite possible that the Council has paid the supplier from 1 April 2010 until 1 November 2012 less than would have been required if Utility Charging if had been in place. From this figure it is obvious that the existing user management process was not working as expected and that Service staff were not ensuring that the network accounts of leavers were being deleted. Network user accounts are not automatically disabled if the user fails to log in over a prolonged period of time. To address this ICT Services subsequently issued a user management guide via Webmaster email on 20 May 2013.	Medium	1) There is an ICT User and Network Access control policy – being used to create an improved automated user management tool. Bi-annual check of accounts will be carried out.	ICT Delivery Manager	31/12/13	Yes

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.3 Con't	2) The review identified that 466 mobile phones did not have any usage charges over financial year 11-12. Similarly to the case of network users above, Service staff have not been returning phones when no they are longer required. ICT Services have since contacted Services regarding mobile phones with no usage charges and, as a result, approximately 500 phones have now been removed because Services stated the phones were no longer required.		2) Mobile phone policy in place that needs to be communicated to Services. Mobile phone usage will continue to be monitored by Services supported by ICT Services.	ICT Strategy and Projects Manager	31/12/13	Yes
	3) With regard to landline phone volumes, a check of a corporate landline quarterly invoice for Nov 11 to Jan 12 revealed 543 telephone lines with no associated usage charge which could indicate that some of them may also no longer be required.		3) A policy will be produced to cover all aspects of fixed telephony billing. It will be communicated to Services. Fixed phones will be monitored by Services and supported by ICT Services	ICT Strategy and Projects Manager	31/12/13	Yes
	It was also noted during the review of landline phone volumes that a duplicate spreadsheet line containing a charge of £149,892 was identified in the initial Base Case Financial Model with regard to landline support. The financial impact of this in the context of the overall Contract is not known		The Base Case Financial Model will be checked for duplicate lines. If they are found to exist, the impact of this will be considered in commercial negotiations.	ICT Strategy and Projects Manager	31/12/13	Yes
			Future financial models contained in large contracts will include a standard check to identify duplicate lines. The Excel function which identifies duplicate spreadsheet lines will be used.	Finance Manager (Partnerships and JV) Finance Service	31/03/15	Yes

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.4	As a result of service failure by the supplier to provide an accurate Asset Register, ICT Services have enforced the service credit regime on the supplier for failing to meet the expected performance target. However, there are two concerns regarding the effectiveness of service credits 1) The value of the service credit used to obtain the 99% accuracy of the Asset Register has not been sufficiently high to force the supplier to deliver the required level of service. 2) Although ICT services have applied both liquidated damages for failures to achieve project milestones and a Correction Plan to address service delivery failure, the Contract states that service credits are to be the sole financial remedy in the Contract for a service level failure. Because the supplier has failed to provide an accurate Asset Register (CMDB) it has not been possible for ICT services to monitor its accuracy effectively. Hence Asset Register monitoring procedures need to be developed by ICT Services.	Medium	1) There is a mechanism in the contract annual review to amend weighting for application of service credits. This will be considered for next contract review. 2) For future contracts we shall consider a range of appropriate financial remedies for under-performance. An audit of CMDB change by phone and site visit is now carried out each month. An inventory report will be sent out to Service Directors prior to year end with a request that they verify it is correct. **Update** See 3.1.2.	Corporate ICT Manager Corporate ICT Manager ICT Delivery Manager ICT Delivery Manager	31/03/14 Revised to 04/07/16 31/03/15 Revised to 04/07/16 Complete 31/03/14 Revised to 04/07/16	No
3.1.5	ICT Services are not monitoring the supplier's use of the Stop the Clock mechanism which means there is no assurance that the supplier is invoking it in accordance with the terms of the Contract.	Medium	As part of our spot checking we will include sample check incidents where Stop the Clock has been invoked. This will be carried out at least quarterly.	ICT Delivery Manager	31/03/14	Yes

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.6	There is no time limit set in the Contract for the supplier to complete non catalogue change requests for Service staff. This has resulted in the build-up of a backlog. In response to this situation a focused service improvement activity by ICT services is clearing the backlog of requests and new requests are being responded to in a timelier manner	Medium	A Service Improvement Activity was instigated and the backlog is being addressed by Fujitsu and the list is reducing. ICT Services will continue to monitor the situation and work with Fujitsu.	ICT Delivery Manager	Complete	Yes
3.1.7	Incidents and change requests have been allocated multiple request reference numbers making it impossible to monitor the supplier's performance in resolving them.	Medium	1) The process is already in place. This will be verified and if it is not then the supplier will be asked to put it in place.	ICT Delivery Manager	31/12/13	Yes
			2) A spot check of the monthly reports will be put in place	ICT Delivery Manager	31/12/13	Yes

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.8	Although CCNs are tracked at the Commercial Board chaired by the Head of E Government, the approval and audit trail of all Contract Changes Notices (CCNs) requires improvement as follows: a) The audit trail to evidence the approval of Contract Change Notices could be made easier to follow by storing minutes of Project Board Meetings in the CCN Tracker Library. b) Pricing models are not being supplied with Change Control Notices c) In a sample of six CCNs reviewed, all were missing the signature of the requesting change owner although 3 had a name typed. Three out of the six had approval emails from appropriate project board/sponsor held in the appropriate CCN Tracker Library folder.	Medium	a) Now being done in the CCN Tracker. Fujitsu will be introducing a tool called PIAB to manage this. b) Now enforced – all CCNs with financial impact accompanied by pricing model. c) A change has been made to the CCN process to explicitly record budget sign-offs and cost centre codes.	ICT Strategy and Projects Manager ICT Strategy and Projects Manager ICT Strategy and Projects Manager	Complete Complete Complete	Yes Yes Yes
3.1.9	The four ICT Services Officers who are responsible for administering Contract payments have only partially documented the processes and procedures they carry out meaning the Council is not completely following best practice. The ICT Planning and Performance Officer stated that the Operating Profit And Loss Financial Model provided by the supplier is supposed to have a manual supplied with it which should be used to interpret the Model. Only part of the manual has been provided by the supplier.	Medium	Processes will be documented. ICT Services will continue to work with the supplier to obtain a full process manual to include both Fujitsu and Council parts of the process.	ICT Strategy and Projects Manager ICT Strategy and Projects Manager	31/12/13 31/12/13	Yes Yes

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.1	When items of ICT equipment are returned to the supplier, the capital cost is not refunded to the Service concerned as the equipment is expected to be re-used, but the annual service charge is refunded for desktops, monitors, etc. This is relevant post roll out of the refreshed corporate and curriculum desktops and Services should be aware of the procedures, however there is no documented guidance provided to Services to make them aware of the financial incentive to return equipment.	Medium	Catalogue processes are in place to cover recycling of hardware to ensure that surplus equipment is re-used. Communication with budget holders will be put in place to highlight the savings that can be made.	ICT Strategy and Projects Manager	31/12/13	Yes
	In addition ICT Services do not receive reports about the equipment that has been returned to the supplier warehouses and is awaiting re-use. The risk is that it is inefficient and uneconomical for equipment to be held unused within the warehouses for a long period of time.		A monthly report is produced from the CMDB and ICT Services use it to monitor what equipment is in the warehouses and when it will be re-used.	ICT Strategy and Projects Manager	Complete	Yes
3.2.2	The prices in the supplier's ICT Catalogue for standard services are the actual prices paid by the Council. However, non-standard change requests incur an additional supplier's margin. Although it is the responsibility of the Service staff to make sure they are aware of the charges when they purchase ICT goods or services from the supplier, it would be helpful is there was corporate guidance to make Council staff aware of this potential additional charge in order that they check whether or not it was reasonable.	Medium	RFS template has been updated to show margin is applied.	ICT Strategy and Projects Manager	Complete	Yes

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.3.1	Although Service staff are responsible for checking their mobile phone bills using the online website, there is no documented procedure on what checks should be carried out to ensure mobile phone bills are correct and reasonable. The audit also identified: • High usage charges which could indicate these staff members are on the wrong type of contract • High charges for internet use which could indicate staff members are not aware of the level of charges they are incurring.	Medium	1) Service representatives have been identified. Their role is covered in the Mobile Phone policy in draft. 2) Service representatives will have access to reports that are published by Vodafone on high usage/value lines. The Mobile Phone Policy will include details of Service representative responsibilities. "No associated usage charges" information is now being provided to Service representatives on a quarterly basis.	ICT Strategy and Projects Manager ICT Strategy and Projects Manager	31/12/13 31/12/13	Yes Yes
3.3.2	There are 2 concerns in relation to the payment of landline invoices, namely: a) There are no documented procedures on how landline telephone usage is checked. b) The supplier's call logger used to monitor the Council's landline telephone usage does not agree with the actual invoice provided by the supplier. One email reviewed from a member of ICT Services staff refers to an annual unexplained discrepancy of circa £40,000. In response to this situation ICT Services have stopped paying landline telephony bills since April 2012.	Medium	a) A policy will be produced to cover all aspects of fixed telephony billing. b) We will work with the supplier to resolve all problems relating to telephony billing.	ICT Strategy and Projects Manager Corporate ICT Manager	31/12/13 31/12/13	Yes Yes

ICT Contract (HA20/009.bf.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.3.3	ICT Services email the supplier's Additional Charge Statement to Services for approval. There is no documented guidance as to what level of checking should be carried out or what level of audit trail, required to evidence the check, should be retained. Notwithstanding this, a check of 30 invoices revealed that 27 had been processed in accordance with the Contract and the processing of only 3 invoices required improvement	Medium	ICT Services will continue to work with the supplier to obtain a full process manual to include both Fujitsu and Council parts of the process	ICT Strategy and Projects Manager	31/12/13	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.1	An issue was identified with the DSM Review meetings.	Low	The monthly budget monitoring procedures for schools will be amended to include specific guidance on procedures to be adopted when Head Teacher is absent on a long term basis. **Update** The DSM scheme is due to be reviewed with a timescale for completion prior to August 2016. In the interim, as highlighted above, it is clearly understood that in the cases of long term absence finance officers need to undertake reviews with acting HT's. Acting HT's will also be made clear of their budget responsibilities by Area Managers when acting-up arrangements are implemented.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/08/13 Revised to 31/12/14, then 30/08/16	No
	Due to long-term sickness of Head Teacher at Newtonmore and Dalwhinnie Primaries, no meeting had taken place between school and school support from Easter 2011 up until January 2012.		Liaise with School Support Officer and set dates in diary for visits.	Head Teacher of Newtonmore Primary School (PS), School Support Officer	31/05/13	Yes
3.1.2	An issue was identified with the Monthly reporting.	Medium	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14	Head of Resources (ECS)	31/08/13	Yes
	There was no evidence to demonstrate that budget monitoring reports were reviewed by Head Teachers.		Head Teacher sign reports.	Head Teacher, Newtonmore PS	30/06/12	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.3	An issue was identified with the recorded authorisation for the DSM Carry forward figure:	Low	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14.	Head of Resources (ECS)	31/08/13	Yes
	(1) There was no evidence to show at the Primaries that the carry forward figure had been approved.		(1) Keep approved record of school & nursery carry forward.	Head Teacher & Clerical Assistant, Newtonmore PS	30/04/13	Yes
	(2) Newtonmore's Gaelic Nursery had a surplus of 5.28% which is in excess of the 5% allowed.		(2) Review with School Support Officer.	Head Teacher & Clerical Assistant, Newtonmore PS	30/04/13	Yes
3.2.1	A number of issues were identified with the segregation of duties:	Low	The procurement procedure guidance for small Primary Schools will be reviewed to ensure that these specific action points are addressed therein. If this guidance requires to be updated to reflect these action points then it will be done. Thereafter the Head Teachers of small Primary Schools will be reminded of the requirements contained within the guidance, including any updates to this guidance.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/08/13 Revised to 29/08/14	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.1 Con't	(1) Although delivery notes are checked by the departments, there was no signature on the delivery notes recording this. (2) There were issues with the retention of documentation at Dalwhinnie and Newtonmore primaries. (3) There was one transaction where the Administrative processed and authorised an order.		(1) Principal teachers will check deliveries and sign delivery notes. (1) Sign & date all delivery notes. (2) A signed copy of delivery note returned to Office (2) Reorganise filing of records. (3) Ensure HT signs approval.	Rector, Golspie High School (HS) and Faculty Leaders Head Teacher & Clerical Assistant, Newtonmore PS Rector, Golspie High School and Faculty Leaders Head Teacher & Clerical Assistant, Newtonmore PS Head Teacher & Clerical Assistant, Newtonmore PS	Immediate 30/08/12 Immediate 31/01/13 30/08/12	Yes Yes Yes Yes Yes
3.2.2	A number of issues were identified with the ordering and payment of invoices: (1) PECOS, the Council's official ordering system, was not the primary ordering method used at Golspie High School.	Medium	The procurement procedure guidance for small Primary Schools will be reviewed to ensure that these specific action points are addressed therein. If this guidance requires to be updated to reflect these action points then it will be done. Thereafter the Head Teachers of small Primary Schools will be reminded of the requirements contained within the guidance, including any updates to this guidance. Every effort will be made to use PECOS for ordering. The exception will only be where supplies are unavailable through PECOS.	Head of Resources (ECS) and Finance Manager (ECS & HASC) Rector, Golspie HS	31/08/13 Revised to 29/08/14 Immediate	Yes Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.2 con't	(2) Newtonmore and Dalwhinnie were using a different template than the one supplied by the Area Education Office (AEO). Invoices for non-book items were charged to the wrong subjective. Requisitions were sent to the AEO retrospectively.		(2) Contact Inverness re most up to date requisition template.	Clerical Assistant, Newtonmore PS	31/03/13	Yes
	(3) There were a number of payments where the invoice did not match the order amounts.		(3) Efforts will be made to ensure that delivery and pricing are as accurate as possible – there continue to be times where pricing is subject to discount offered at invoice level. Admin Assistant to ensure that orders received from departments include delivery or nil carriage line and that pricings are current as per pdf files.	Principle Teachers at Dept level, Administrative Assistant to monitor and return to Principle Teacher as necessary, Rector, Millburn Academy to receive monthly feedback.	Immediate	Yes
	(4) There were problems with matching invoices to orders at the Primaries due to paperwork not being held, differing prices or the records showing different items delivered.		(3) Where possible ensure discounts & carriage are included.	Head Teacher & Clerical Assistant, Newtonmore PS	31/03/13	Yes
3.2.3	There were a number of significant delays in the payment of invoices which ranged from 34 – 144 days from the date of receipt until payment.	Medium	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14.	Head of Resources (ECS)	31/08/13	Yes
			All invoices will be paid within 30 days.	Rector, Golspie HS	Immediate	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.4	A number of issues were identified with the use of Contract suppliers.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14	Head of Resources (ECS)	31/08/13	Yes
	There were a number of occasions where the contract supplier had not been used and compliance ranged from 53 – 86%.		Wherever possible, the relevant Council's contract supplier will be used.	Rector, Golspie HS	Immediate	Yes
			Advice on best value where concerns are identified with the Contract Supplier will be obtained from the Head of Resources.	Rector, Millburn Academy	28/06/13	Yes
			Where applicable will use.	Head Teacher & Clerical Assistant, Newtonmore PS	30/06/12	Yes
3.2.5	A number of issues were identified with invoice adjustment and credit notes.	Low	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	There were 2 instances noted where invoices had not been processed correctly.		Only one invoice will be accurately entered into the system with issues addressed prior to inputting.	Rector, Golspie HS	Immediate	Yes
			Administrative Assistant will return invoices requiring changes.	Administrative Assistant/ Rector, Millburn Academy	Immediate	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.6	A number of issues were identified with purchase card transactions. (1) For both cards at Golspie High School, official purchase card transaction logs were not completed. (2) Instances were noted where the Purchase Card Guide had not been complied with: • An old version of the purchase card transaction log was used for the HE card at Millburn Academy. • VAT was re-claimed on a purchase which did not have a VAT invoice and there were 5 transactions where the paperwork held, was inadequate. The card had also been used to purchase items from non-contract suppliers where contract suppliers were available (Golspie High School).	Low	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided. (1) The use of transaction logs will be introduced. (1) New log sheets already being used.	Head of Resources (ECS) and Finance Manager (ECS & HASC) Rector, Golspie HS Administrative Assistant/ Rector, Millburn Academy	31/10/13 Immediate In place	Yes Yes Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.3.1	A number of issues with School Lets Income.	High	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14.	Head of Resources (ECS)	31/08/13	Yes
	(1) School lets income has been received by the School Fund rather than the Highland Council. (2) The School Fund Lodgements could not be reconciled to individual transactions and it could not be established if all income due had been received and banked.		(1) & (2) The specific issues relating to the management of school let income at Millburn Academy will be addressed at a meeting with the Head Teacher **Update** ECAS in August 2014 agreed report recommendations which re-affirmed the need for consistent application of the 2009 school lets policy, and actions have been progressed to implement this with reminders issued to schools. Separately there is also now agreement to review the charging policy, and the status of free lets, with a target date for completion March 2016, which should also assist in ensuring a simpler and more transparent charging policy is in place in future.	Head of Resources (ECS) / PPP Project Officer	30/06/13 Revised to 28/08/14, then 31/03/16	No
	(3) There is no procedure for the recording of the float amount, the income sums received and reconciling this to receipts issued.		Float procedure now in place. Whilst income sums always have been recorded accurately and reconciled, it is accepted that there needs to be further evidence re individual transactions	Administrative Assistant Senior Leisure Assistant.	In place	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.4.1	A number of issues with imprests were identified.	Medium	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14	Head of Resources (ECS)	31/08/13	Yes
	(1) Central records show that Dalwhinnie has an imprest but staff was unaware of this and it was not being used. During the audit, cash and receipts were located which appeared to be the residual imprest, although a small difference was found.		(1) Dalwhinnie Primary School now mothballed and Creditors Section to be contacted.	Clerical Assistant, Newtonmore PS	31/03/13	Yes
	(2) Instances were noted where the Guidance note were not being complied with • Official imprest pads were not used at Golspie High School. • At Dalwhinnie, cash was being held within in a non-lockable cupboard.		(2) Official imprest pads will be requested and used. (2) Admin Assistant has reviewed relevant guidance and is following/ complying as required. (2) Imprest claim pad being used and cash kept in lockable filing cabinet.	Rector, Golspie HS Rector, Millburn Academy Clerical Assistant, Newtonmore PS	Immediate 20/06/13 31/03/13	Yes Yes Yes
	(3) At Millburn Academy, errors were made in the extraction of VAT within the Imprest.					

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.5.1	A number of issues with the maintenance of Inventories.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	Only 1 school maintained an Inventory. Whilst Millburn Academy did maintain an Inventory, it was found not to be 100% accurate and complete. There was a lack of a unique identifying Inventory code is use.		An inventory will be created.	Rector, Golspie HS	Immediate Revised to 31/12/14	Yes
				Administrative Assistant/ Rector, Millburn Academy	Immediate for new items – as time allows for others	Yes Yes
				Head Teacher & Clerical Assistant, Newtonmore PS	31/08/13	
3.6.1	As indicated by the Service Finance Manager, the requirement within the Financial Regulations for the Finance Team to review School Fund Accounts is currently not happening, instead these are sent to the Area Education Office.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.2	A number of issues with the final accounts of School funds.	Low	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	(1) The School Fund arrangements do not accord with the requirements of Financial Regulations:		(1) Provide this signed copy and present to Parent Council.	Rector, Golspie HS	Immediate	Yes
	• There were delays in the submission of School Fund accounts Newtonmore and Dalwhinnie Primary Schools, due to the Head Teacher being on Long-term Sick Leave.		(1) Declaration wording to be checked and amended as necessary.	Administrative Assistant, Millburn Academy	Immediate	Yes
			Parent council will have on agenda at 1st meeting following audit process. Administrative Assistant to Rector, Millburn Academy to Parent Council Chair	Administrative Assistant & Rector, Millburn Academy	Immediate	Yes
	• Whilst all four school fund accounts' contain signed and dated Auditors declarations, these varied in comparison and does not match the Council's required declaration.		(2) School to check on who should audit school fund.	Clerical Assistant Newtonmore PS	31/05/13	Yes
	• Also, the accounts did not contain a declaration from the respective Parent Council, demonstrating that they had been presented to them.		Ensure School Fund declaration is included and present audited accounts to Parent Council at next meeting after Oct holidays.	Head Teacher & Clerical Assistant, Newtonmore PS	31/10/13	Yes
	(2) Financial Regulations state "The Accounts must, as a minimum, follow the prescribed format as per annex 1". However, there is no such annex.					

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.3	A number of issues with the School Fund expenditure were identified.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	(1) There were issues with School Fund expenditure where limited or no paperwork was held to support expenditure (Golspie, Newtonmore and Dalwhinnie schools).		(1) All school fund transactions will be recorded with the name of the supplier, a description of the expenditure and the amount, supported by receipts where available.	Rector, Golspie HS	Immediate	Yes
	(2) There were no issues with Millburn Academy's expenditure records and this was due to the fact that there were the only school consistently using a Cheque request form.		(1) School currently using own template.	Head Teacher & Clerical Assistant, Newtonmore PS	30/06/12	Yes
	(3) Payments were made to staff without the supporting expenditure receipts (Golspie, Newtonmore and Dalwhinnie Schools)		(3) Now in place.	Head Teacher & Clerical Assistant, Newtonmore PS	30/06/12	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.4	A number of issues with the School Fund income were identified.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	(1) Receipts are not issued for all income received into the School Fund accounts. Also the retention of income records varied between schools visited.		(1) We will set aside time in the day when an admin assistant can leave the office to write receipts/count money uninterrupted.	Rector, Golspie HS	Immediate	Yes
			(1) Millburn will ensure receipt for total amounts received. Amount/purpose and name always recorded.	Administrative Assistant, Millburn Academy	Immediate	Yes
	(2) At Golspie High School, a difference of £95 held from previous lodgements not yet banked. Due to time pressures and other office duties, there were inconsistencies in the information recorded on receipts.		(1) Receipts issued.	Head Teacher & Clerical Assistant, Newtonmore PS	30/06/12	Yes
			(2) If there are any variances, this will be recorded.	Head Teacher & Clerical Assistant, Newtonmore PS	30/04/13	Yes
	(3) At all Schools visited, only one officer was responsible for all income aspects.					
3.6.5	(1) All 4 schools used spreadsheets methods for recording School Fund transactions. However, there is no consistent method adopted. (2) At Dalwhinnie, the School Fund spreadsheet was not kept up to date.	Low	The School Fund guidance notes will be updated to reflect the correct operating procedures and guidance to ensure compliance with Financial Regulations. This updated guidance will be augmented by specific training in School Fund procedures.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.6	A number of issues with the School Fund bank accounts were identified.	Medium	The School Fund guidance notes will be updated to reflect the correct operating procedures and guidance to ensure compliance with Financial Regulations. This updated guidance will be augmented by specific training in School Fund procedures.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	(1) Golspie High School and Newtonmore Primary's School Fund accounts were not in the name of "The Highland Council". Millburn Academy and Dalwhinnie Primary School Fund's bank account whilst started "H C", this is not clearly in the name of the Council.		(1) The school fund bank account will be amended to include the name of Highland Council and the reconciliation documentation will be reviewed and signed by the rector.	Rector, Golspie HS	Immediate	Yes
			(1) Bank contacted re name change – using existing stationary and will amend when new signatories added	Administrative Assistant/ Rector, Millburn Academy	31/08/13	Yes
			(1) Bank details to be corrected and made up to date.	Clerical Assistant, Newtonmore PS	30/04/13	Yes
	(2) There was no evidence to show that the Head Teacher/Rector had reviewed the bank reconciliations (Millburn Academy and Newtonmore Primary School).		(2) HT to sign banking reconciliation as required	Rector, Millburn Academy	Immediate	Yes
			(2) Ensure review & sign reconciliation report.	Head Teacher of Newtonmore PS	31/05/13	Yes
						Yes
	(3) The Clerical Assistants in Newtonmore and Dalwhinnie Primary Schools administer the School Fund transactions and are also cheque signatories.		(3) Banking details re signatories to be changed.	Head Teacher & Clerical Assistant, Newtonmore PS	31/05/13	

School Transport (HH03/001)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1	(i) There is scope to improve the information within the STP in order to provide greater clarity to parents/ guardians including: • The need to promptly inform relevant parties (e.g. schools and parents/guardians) when school transport changes occur following approval of a new contract; • Entitlement to travel to Gaelic medium schools/units;	Medium	Incorporate recommendations into draft revised STP. __Update__ It is intended to take a report to the January Committee, with the revised transport policy. This delay has been due to volume of other committee business and other priorities.	Transport Development Officer	30/06/14 Revised to 11/11/15, then 20/01/16	No
	• Details of the points system used when allocating concessionary places where there are more concessionary pupils than bus places available.		Report to Education, Children & Adult Services Committee.	Head of Support Services	28/08/14 Revised to 11/11/15, then 20/01/16	No
	• There is no guidance provided in order to ensure that there is consistency between the different satellite offices regarding who is responsible for deciding the provision of free school transport in exceptional circumstances.		Currently these are referred to Area Education Managers if there is no precedent or prior policy. Will discuss with Local Transport Officers and include in guidance.	Transport Development Officer	30/06/14	Yes

School Transport (HH03/001)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1 (cont'd)	(ii) The STP does not state the notice period that must be given to affected parties following a change of contract. **Update** This will be included in the information for parents under the revised policy. Parental guidance will be developed once the STP has been approved and will be more detailed, where as the STP will state principles.		Discussion as recommended, following completion of current mid-term tender exercise.	Transport Development Officer/ Principal Contracts Officer	31/07/14 Revised to 31/03/16	No
			Discuss with Local Transport Operators and include in operating guidance.	Transport Development Officer	31/07/14 Revised to 31/03/16	No
	(iii) The STP does not include the length of notice that should be given to affected parties when concessionary seats are to be withdrawn in order to be provided to entitled pupils. The letter to parents/guardians of pupils granting concessionary places now includes the text that the concessionary place may be withdrawn at not less than 2 weeks' notice but this is not reflected in the policy.		Include in revisions of STP as above.	Transport Development Officer	30/06/14 Revised to 11/11/15, then 20/01/16	No

School Transport (HH03/001)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1 (cont'd)	(iv) The STP states that concessionary transport is not guaranteed for any period of time, but does not include possible circumstances which would lead to a withdrawal of concessionary transport (e.g. change of transport capacity, change of route, change of provider).		Include in revisions of STP as above. **Update** Will be included in information for parents under revised policy (see (ii) above). This information is provided in the letter that is sent to Parents when concessionary places are awarded.	Transport Development Officer	30/06/14 Revised to 31/03/16	No
	(v) Satellite offices do not have guidance regarding what documents should be retained and for how long.		Action as recommended.	Transport Development Officer	30/06/14	Yes
3.2	In a review of entitled pupil applications the following issues were found: (i) The letter sent to parents/guardians informing pupils that they have been awarded an entitled free school bus place or a concessionary paid bus place does not include the requirement that parents/guardians notify their local transport office of any changes to their home address or if they change school.	Medium	Action as recommended.	Local Transport Officers	30/06/14	Yes
	(ii) For pupils in Foster Care school transport application forms were not completed because the Council, through ECS and Health and Social Care (HSC), funded the transport. The TDO has stated that these pupils should have a form completed.		Discuss volume & process with Local Transport Officers and then with the Care & Learning Service. **Update** Advised that applications should preferably come from Social Workers. This process has still to be confirmed and will be covered within the revised policy.	Transport Development Officers	28/08/14 Revised to 11/11/15, then 20/01/16	No

School Transport (HH03/001)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2 (cont'd)	(iii) 1 entitled pupil had been wrongly awarded free school travel given school transport but lived within 3 miles of the school, contrary to the STP.		Details obtained, and case has been reviewed with Local Transport Officer. The pupil was 2.7 miles from school but on a route which at the time of granting transport was assumed to be unsafe to walk. Subsequent assessment has confirmed this, and new applicants from the area are being granted eligible status due to road safety.	Transport Development Officer	Complete	Yes
			Work still required to update eligibility status of older pupils.	Local Transport Officer	14/08/14	Yes

Business Continuity Planning Arrangements (Follow-up) (HH01/001.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.1	(1) The corporate BCP is incomplete as it contains information that relates to the Service-specific BCPs. This is to ensure these issues are not lost sight of while the Service-specific BCPs are being developed.	High	Additional Service-level information to be removed to a separate document in order to not lose sight of it.	Emergency Planning and Business Continuity Manager	Complete	Yes
	(2) The corporate BCP does not reflect the Council's new Service structure.		This is currently work in progress.	Emergency Planning and Business Continuity Manager	31/08/14	Yes
	(3) There is no evidence to show that the corporate BCP was approved at a Weekly Business Meeting.		On completion of 3.1.1 (2), the revised plan to be submitted for approval at an appropriate future ELT meeting. This should also afford an opportunity for challenging the risks identified in the various business impact analyses.	Emergency Planning and Business Continuity Manager	30/09/14	Yes
3.1.2	The process of preparing Service-specific BCPs has not been completed.	High	Plans to be completed by individual Services.	Emergency Planning and Business Continuity Manager	31/01/15

Revised to 29/10/15 | Yes |
| | A Service (such as Development and Infrastructure Service) should take the lead in assessing which Council properties are useable and the facilities available in each building. | | Noted. Development and Infrastructure Service to be approached to undertake this role. | Emergency Planning and Business Continuity Manager | 31/10/14

Revised to 31/03/15 then 29/10/15 | Yes |

Business Continuity Planning Arrangements (Follow-up) (HH01/001.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.3	BCP training has not taken place because Service-specific BCPs have not been completed (see 3.1.2).	Medium	Awareness training to be undertaken at the appropriate time after completion of Service BCPs. **Update** BCP training is dependent on the completion of the General BCP. The aim is to commence plan familiarisation training for Services in early/ mid November with exercising starting in early 2016.	Emergency Planning and Business Continuity Manager	Training to commence 31/03/15 Revised to 31/05/16	No
3.1.4	(1) The Emergency Communication Directory (ECD) has been updated. This will require further amendment to accord with the Service-specific BCPs.	Medium	Update is currently underway to reflect new Service structures. Additional detail will be included if Service BCPs reflect this.	Emergency Planning and Business Continuity Manager	30/09/14	Yes
	(2) The ECD distribution software has not been implemented because of issues with computer security controls.		This is in hand however individuals who will administer the software require basic disclosure checks before it can be used. This may take in excess of 4 weeks to complete after the process has commenced. In addition, all managers who will use the system will similarly require basic checks (this is also a requirement for the use of GCSX email addresses).	Emergency Planning and Business Continuity Manager	30/09/14	Yes
3.2.1	(1) The Council has resolved the majority of the issues of the single point of weakness. However the routing work needed to complete this has not been completed.	High	Document the manual Routing Procedure.	ICT Delivery Manager	30/09/14	Yes

Business Continuity Planning Arrangements (Follow-up) (HH01/001.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.1 (cont'd)	(2) The servers that remain in Inverness, because they (or their applications) could not be migrated to Fujitsu's data centre, do not have a back-up facility.		Where applications are identified as critical, and not currently part of the Disaster Recovery (DR) service, the DR service will be reviewed with Services and Fujitsu.	ICT Delivery Manager	30/04/15	
3.2.2	The business continuity disaster recovery plan for data centres (THC BCDR) has been updated; however the plan does not detail which actions are short, medium and long term solutions.	Medium	The Business Impact Analysis process addresses this by identifying critical business areas within Services. These are then ranked by time categories as follows; • Must be maintained 24/7. • Can be interrupted for up to 3 days. • Can be interrupted for up to 7 days.	See 3.1.2	-	Yes
			The BCDR document has been updated.	ICT Delivery Manager	Completed	
			As part of Service Reviews (see actions 3.2.3 and 3.2.4), ICT Services will provide advice and guidance to Services on the ICT aspect of their BCP arrangements, with reference to ICT Service's BCDR plan.	ICT Delivery Manager	30/04/15 or 3 months after completion of 3.1.2 if action is delayed. Revised to 29/10/15	
3.2.3	The list of critical services, which will be run within the 10% capacity restraints of the back-up data centre, cannot be updated until the Service-specific BCPs have been completed.	High	Where applications are identified as critical, and not currently part of the Disaster Recovery service, the DR service will be reviewed with Services and Fujitsu.	ICT Delivery Manager	30/04/15	Yes
			Specific mention of this limited capacity is made in the plan.	Emergency Planning and Business Continuity Manager	Completed	-

Business Continuity Planning Arrangements (Follow-up) (HH01/001.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.4	Service-specific reviews have not taken place and therefore it has not been possible to assess if applications supplied by third parties are critical applications which require business continuity planning arrangements to be put in place.	Medium	Where Services have identified applications as critical, and these are not currently part of the Disaster Recovery service, ICT Services will provide advice and guidance to Services on the ICT aspect of their BCP arrangements (with third party suppliers), with reference to ICT Services' BCDR plan.	Service Delivery Manager	30/04/15	Yes

Oracle Financials (HK07/014.bf)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1	A draft Access Control Policy was produced in 2006, but it has not yet been completed and approved.	Medium	A new Access Control Policy will be produced as part of the Integra project. **<u>Update</u>** This action has been delayed due to the responsible officer having to work on other higher priority areas such as the introduction of the Integra system and the financial year-end work.	Finance Manager (Corporate Budgeting, Treasury and Taxation)	01/04/15 Revised to 31/07/15, then 21/09/15, then 31/12/15	No
3.2	The system only forces the user to put in a minimum of 6 characters. It does not force mixed case or a mix of numbers/special characters and letters. It does not prevent re-use of passwords. The facility to make passwords hard to guess has not been switched on.	Medium	Integra password setting allows the Council to design password complexity at corporate level and user level.	Finance Manager (Corporate Budgeting, Treasury and Taxation)	01/04/15	Yes

Human Resource Security (HBB01/004)

Report Ref.	Audit Finding	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.2	The recording of Disclosure Scotland (DS) checks on employees is managed within several spreadsheets by different Business Support Human Resources Hubs and in employees' personnel files on SharePoint. Therefore, data is not held on one system or file for corporate reporting.	Medium	This is being addressed through recording DS/PVG membership to be held on ResourceLink through colleagues in CIP. **Update** ResourceLink has now been configured to hold DS checks which are now being loaded. Target date has been moved to allow completion of this task.	Human Resources Manager	15/12/14 Revised to 30/09/15, then 31/12/15	No
3.1.3	It is not confirmed that all clerical and administration officers who access and input personal and sensitive client data in the CareFirst system have been screened with Disclosure Scotland checks before accessing the system.	High	Human Resource Manager to review standard recruitment guidance, Disclosure checks and PSN compliance. **Update** Target date amended to enable consultation through the Staff Partnership.	Human Resources Manager	28/02/15 Revised to 31/07/15, then 31/12/15	No
3.3.2	The Council does not use confidentiality agreements or restrictive covenants for ex-employees, temporary and agency staff beyond their time of employment. The standard Council contract has a clause stipulating confidentiality of information security only for the duration of the contract.	Medium	Human Resource Manager and Legal Services to review clauses and confidentiality requirements **Update** Date revised to enable completion of the review of contract clauses.	Human Resources Manager/ Solicitor, Legal Services	31/12/14 Revised to 31/07/15, then 31/12/15	No

Housing Revenue Account – Reconciliation Investigation (HDA14/001)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1	The reconciliation process was not complete.	High	(1) A joint workshop will take place between the Finance Service and Community Services to agree and document the reconciliation processes and roles and responsibilities.	Head of Corporate Finance & Head of Housing	12/06/15	Yes
			The reconciliation process will be amended, including better reports to assist staff.	Head of Housing	12/06/15	
			More standard coding of manual adjustments will be implemented.	Head of Housing	30/06/15	
			(2) Community Services will liaise with Northgate to investigate better reporting from the HIS. **Update** Agreed action has been partially implemented. HRA142 report has been created by Northgate. It partially reconciles but work is still being carried out that requires third party input and extending the time required for this to be finalised.	Performance and Building Maintenance Manager	30/06/15 Revised to 31/08/15, then 31/12/15	No

Housing Revenue Account – Reconciliation Investigation (HDA14/001)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.1	Financial Regulations (section 9.8) states that "Reconciliation of any costing systems not linked to the financial ledger system will be carried out by Services on a regular basis."	High	(1) A joint workshop will take place between the Finance Service and Community Services to agree and document the reconciliation processes and roles and responsibilities.	Head of Corporate Finance & Head of Housing	12/06/15	Yes
	However, Community Services were not aware of this requirement and were assuming that the Finance Service was carrying out more detailed reconciliation work than they were.		(2) Financial Regulations will be amended, and approval will take place at the next appropriate committee meeting.	Head of Corporate Finance	18/06/15	Yes
	Also, Financial Regulations does not clearly state that Community Services should work with the Finance Service to determine the correct reconciliation processes that should take place.					
3.2.3	There have been 4 different Accountants involved in the reconciliation of data from the Housing Information System since it was introduced in 2001. The current Accountant did not have access to any procedures or training when they started the role.	Medium	(1) The Finance Service managers will encourage staff to report areas of difficulty or where there is a lack of understanding.		30/06/15	Yes
			(2) The ERD process will be tailored to identify specific process and system training needs. **Update** ERDs are to be completed in January. ERD forms have been tailored for specific mention on process and systems specific to Services.		31/03/16	Not yet due
			(3) Managers will ensure that procedures are in place for key processes.		30/06/15	Yes

Housing Revenue Account – Reconciliation Investigation (HDA14/001)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.4	The present process involving both Community Services and Finance Service staff is not working efficiently. This is demonstrated by the lack of clarity regarding Service responsibility of the rental income reconciliation.	High	(1) A joint workshop will take place between the Finance Service and Community Services to agree and document the reconciliation processes and roles and responsibilities.	Head of Corporate Finance & Performance and Building Maintenance Manager	12/06/15	Yes
			(2) Staff will be required to add the full payment reference when processing manual adjustments.		30/06/15	Yes
			(3) The reconciliation reports used should be run for the same period of time.		30/06/15	Yes
			(4) A weekly HRA reconciliation process cannot be carried out for 2014/15; however an annual reconciliation will be carried out.		30/06/15	Yes
			(5) Housing Section staff will only use one standard Oracle code for manual transactions.		30/06/15	Yes
			(6) A joint workshop between the Finance Service and Community Services will take place to agree and document the reconciliation processes and roles and responsibilities.		12/06/15	Yes