1 SUMMARY

1.1 Members will recall that at the meeting on 22 February 2011, Governance and Audit Committee noted and endorsed proposals for a revised approach to reporting and monitoring progress by Services with the implementation of agreed recommendations from Internal Audit reports.

1.2 The revised process was implemented in March 2011 and uses the “Action Tracking” Reports and functionality within “Galileo”, the Internal Audit planning, management and reporting software, to more efficiently report and monitor progress with Internal Audit recommendations on a continuous cycle.

1.3 Implementation of recommendations across a range of Internal Audit reports is now monitored between Internal Audit and Services based on the agreed “target” completion date in the audit report Action Plan. This contrasts with the previous practice of carrying out a follow-up audit review for each Internal Audit report some 6-12 months after it was issued.

1.4 This report invites Governance and Audit Committee to note the progress made with the rollout and further development of the “Action Tracking” Reports process since March 2011. The first “Action Tracking” Update Report under the revised arrangements was submitted to Governance and Audit Committee on 8 November 2011.

1.5 A copy of this report and its appendices was submitted to the meeting of the Council Management Team on 18 January 2012 for consideration, before its submission to Governance & Audit Committee at this meeting.

2 OFFICER RECOMMENDATION(S)

The Governance and Audit Committee is recommended to note that:

2.1 55 “Action Tracking” Reports were issued by Internal Audit between March and December 2011 to monitor progress with audit report recommendations, as noted at 3.6 and in Appendix 1;

2.2 a 100% response rate to all 55 “Action Tracking” Reports has been received from Services (up from 93% in the period to September 2011), as noted at 3.7 below and in Appendix 1;
2.3 Internal Audit has been updated by Services on progress with 499 out of 503 agreed audit recommendations (99%), as noted at 3.13 and in Appendix 2;

2.4 470 recommendations (94%) have been completed (up from 90% in the period to September 2011). 29 recommendations have not been completed (6%), as noted at 3.13 and in Appendix 2;

2.5 12 of the 29 recommendations not completed by their agreed “target date” were “high priority” actions. However, these represent fewer than 3% of all agreed audit recommendations and details are given at Appendix 3 attached.

3 CONSIDERATIONS

The Revised Approach: Internal Audit “Action Tracking” Reports

3.1 At its meeting on 22 February 2011, Governance and Audit Committee noted and endorsed proposals for a revised approach to reporting and monitoring progress by Services with the implementation of agreed recommendations from Internal Audit reports.

3.2 The revised process was implemented in March 2011 and uses the “Action Tracking” functionality within “Galileo”, the Internal Audit Team’s audit planning, management and reporting software, to more efficiently report and monitor progress with internal audit recommendations on a continuous cycle.

3.3 Internal Audit issued “Action Tracking” Reports to Services in March and April 2011 to monitor their progress with implementation of Internal Audit report recommendations with “target” completion dates up to, and including, 31 March 2011. This was part of a “catch-up” process for recommendations created on “Galileo” since the system became live on 1 April 2009.

3.4 From May 2011, “Action Tracking” Reports have been issued to Services on a regular, monthly basis, to monitor progress made with Internal Audit report recommendations with “target” completion dates now including the period up to, and including, 30 September 2011. For reasons of efficiency, and having looked ahead at information on audit recommendations about to fall due for completion, Internal Audit did not issue “Action Tracking” Reports in November or December 2011, as the average number of recommendations per Service due for completion during October and November 2011 was only 6. However, these will be followed-up when the monthly cycle of “Action Tracking” Reports begins again in late January 2012.

3.5 Four key pieces of progress information are requested from Services for each recommendation on an “Action Tracking” Report. Services have a full calendar month to provide this information back to Internal Audit to enable progress to be recorded and monitored on the “Galileo” system “Action Tracking” module. The key information required includes:

- narrative details of the “action taken” to implement the recommendation;
- the completion “status” of the recommendation at the date of the report;
- the “date” (actual/approximate) the recommendation was completed, and
- any “revised target date” for implementation of the recommendation.
“Action Tracking” Reports Issued

3.6 Between March and December 2011, Internal Audit issued 55 “Action Tracking” Reports to Services. Summary details are provided in Appendix 1.

3.7 By the end of December 2011, Services had provided responses for all of the 55 “Action Tracking” Reports issued, giving a 100% response rate. This represents an increase from the 93% response rate for the previous reporting period to September 2011.

3.8 Internal Audit will continue to follow-up responses from Services on the 4 actions with queries outstanding.

3.9 Appendix 1 provides information by Service on responses to “Action Tracking Reports” in the Council structure effective from October 2011. The previous “Action Tracking” Reports submitted to Council Management Team and Governance and Audit Committee reflected the previous Service structure.

Implementation of Internal Audit Recommendations

3.10 Internal Audit “Action Tracking” Reports issued to Services between March and December 2011 identified 503 Internal Audit recommendations with “target completion” dates up to, and including, 30 September 2011.

3.11 The Service responses received by the end of December 2011 to “Action Tracking” Reports identified progress with 499 of the 503 agreed Internal Audit recommendations (or 99%). These have been updated on the “Galileo” Action Tracking module. Internal Audit will continue to follow-up responses from Services on the 4 outstanding recommendations.

3.12 The overall position with audit recommendations is summarised below and in Appendix 2 attached, which provides information for Services in the Council structure effective from October 2011.

3.13 Of the 499 Internal Audit recommendations with “target” implementation dates up to 30 September 2011:

- 470 recommendations had been completed, representing 94% of the recommendations for which Services had provided a response. This represents an increase from the 90% completion rate for the previous reporting period to September 2011.

- 29 recommendations were not completed, and these were either in progress by Services or had been delayed for specific reasons. Of these, 12 were “High Priority” audit recommendation, but represented fewer than 3% of all agreed audit recommendations. Details of the 12 outstanding “high” priority recommendations are noted in Appendix 3.
3.14 In each instance where the Internal Audit recommendation has not yet been completed, Internal Audit has obtained a revised “target completion” date from the Service to indicate when it will now be completed. Completion of “outstanding” recommendations will continue to be reported and monitored by Internal Audit through the regular monthly “Action Tracking” Reports issued to Services.

Action Tracking Process: Further Considerations

3.15 The use of the Galileo “Action Tracking” process was considered to be the first step towards a position in the medium to longer-term where all Council “improvement actions”, including audit report recommendations, would be tracked on “Covalent”, the Council’s Corporate Performance Management system. Covalent can consolidate action plans & projects in one place with tracking, updating and reporting functions linked to corporate or service objectives. Covalent also allows action data to be imported and it may be possible to create an interface with the Galileo software.

3.16 Further discussions will take place in late January 2012 between Internal Audit and the Performance and Research Team to consider how best to implement any necessary system interfaces and data transfers between Galileo and Covalent.

3.17 Galileo can be set up to allow Services access to update progress and status information on agreed audit recommendations directly into the “Action Tracking” module. However, it is proposed that access remains limited to Internal Audit staff at this time in order to maintain data quality and integrity for reporting purposes.
4 POLICY/RESOURCE IMPLICATIONS AND CONSULTATIONS

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<td>Single Outcome Agreement</td>
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Equality Impact Assessment

4.1 This report was considered under the Council’s Equalities Impact Assessment process and was assessed as not relevant for the purposes of Equality Impact Assessment.

Strategic Environmental Assessment

4.2 This report was considered under the Environmental Assessment (Scotland) Act 2005 and a Strategic Environmental Assessment is not required.

Single Outcome Agreement

4.3 This report was considered against the Council’s Single Outcome Agreement and supports Strategic Theme A: Making Services Better.

Other Policy Implications

4.4 This is one of the means by which the effectiveness and adequacy of risk management is monitored,

Resource Implications

4.5 Any Resource Implications are set out in specific Audit Report Action Plans.

Consultations

4.6 Council Management Team, Heads of Service and key Service Managers
5 BACKGROUND PAPERS

5.1 Council Management Team 12 January 2011: “Revised Internal Audit “Follow-up Process”

5.2 Governance & Audit Committee 22 February 2011: “Revised Internal Audit “Follow-up Process”

5.3 Governance & Audit Committee 8 November 2011: “Internal Audit – Action Tracking Reports: Update”

5.4 Council Management Team 18 January 2012: “Internal Audit – Action Tracking Reports: Update”

6 APPENDICES

6.1 Appendix 1  Action Tracking Reports Issued March to December 2011

6.2 Appendix 2  Summary of Audit Recommendations to December 2011

6.3 Appendix 3  High Priority Internal Audit Recommendations Outstanding at December 2011

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Date 27 January 2012 Reference _________________________