South Lanarkshire Council
Follow up of prior year audit recommendations during the 2012/13 audit

May 2013

pwc

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Section 1 – Executive summary

1.01 As part of the audit work we performed in March 2013, we have undertaken a review of the progress being made to implement the agreed audit recommendations arising from our previous audits.

1.02 This follow up relates to recommendations contained in the following reports:

- Follow up of 2010/11 Audit Recommendations during the 2011/12 Audit;
- Interim Management Letter 2011/12; and
- Annual Report 2011/12.

1.03 Of the 9 outstanding recommendations made in the reports issued, progress at the time of our visit was as follows:

Status	2010/11 Audit Recommendations	Interim Management Letter 2011/12	Annual Report 2011/12	Total
Fully implemented	1	2	2	5
Action in progress	2	-	2	4
Total Recommendations	**3**	**2**	**4**	**9**

1.04 Overall, the Council has fully implemented 5 of the 9 of the outstanding recommendations made during 2011 – 2012. Progress to date is detailed in ***Section 2 – Follow Up Review***.

1.05 Four recommendations have been classified as action in progress. Further or ongoing action required by management to implement these recommendations is detailed in ***Section 3 – Areas where further management action is required***.

Section 2 – 2012/13 follow up

Summary of Progress

Reference	Original Recommendation – Follow up of 2010/11 Audit Recommendations during the 2011/12 Audit	Risk	Implementation status	Section 3 reference
A.1	As part of the Council's general review of its decision making arrangements in advance of the new Council in 2012, consideration should be given to the role of Area Committees, in particular in respect of decision making powers.	Low		-
A.2	Each of the seven IT Business Teams should be provided with a regular report from HR to ensure that all leavers are identified and dealt with appropriately with regard to removing their access rights to the South Lanarkshire network. It is line managers' responsibility to instruct the IT Business Teams how to deal with leavers, while feedback should be provided where line managers or departments do not promptly inform the IT team of a leaver.	Medium	Action in progress	1
A.3	The original action reflected concerns that the centralised Strategic Procurement Department, originally established in 2009, has not been embedded within the Council and was under review. The Council was revisiting its procurement functions and determining improvements required. Following this action the Council's Procurement Strategy was approved in September 2011 and an action plan is now being implemented. The 2011 Procurement Capability Assessment (PCA) concluded with an outcome score of 36, (conformant) and represents a significant improvement on the prior year score of 23 (non-conformant). The Implementation of the Procurement Strategy Action plan is well progressed, with the category management approach to delivering Procurement across the Council now in place. The first update on the action plan was presented to the Corporate Management Team in March 2012, including an update on actions. The Procurement department is scheduled to review the implementation of the new procurement delivery model in September 2012.	High	Action in progress	2

Reference	Original Recommendation – Interim Management Letter 2011/12	Risk	Implementation status	Action Ref
B.1	Whilst we recognise the merging of the resources at the service level is ongoing, going forward the heads of the restructured resource should seek to have a truly integrated budget setting process in order to ensure that efficiencies are gained through the restructure and that there is no duplication of effort.	Medium	[redacted]	-
B.2	It is recommended that the historic reconciling item of £17, 236 on the purchase ledger be investigated and appropriately resolved to ensure it is no longer carried forward as a reconciling item.	Low		-

Reference	Original Recommendation – Annual Report 2011/12	Risk	Implementation status	Action Ref
C.1	Due to the potential risk to the Council, Management should continue to actively manage any developments in respect of equal pay claims. This should include regular briefings to Members.	N/A	Action in progress	3
C.2	The Oracle Fixed Assets (OFA) system is not able to effectively process a range of transactions relating to property, plant and equipment revaluations. Reconciliations are undertaken on a periodic basis to keep track of the true value of the assets' revaluation reserve; however this work is often time consuming and an inefficient use of time. The Council is in the process of testing an update to the Oracle software to address these system issues in respect of revaluation reserves. This work should be completed to ensure the Council has a fit for purpose fixed asset module going forward.	N/A	[redacted]	-
C.3	In February 2011, the Westminster Government published the Welfare Reform Bill which set out plans to fundamentally overhaul the benefits system. The stated overarching objectives of the Bill were to simplify the benefits system, achieve savings and increase incentives for unemployed people to work. The Welfare Reform Act was given Royal Assent on 8 March 2012. The impact of these reforms should not be under estimated as they are likely to have far reaching direct and indirect implications for the Council. The Council should continue to develop its Welfare Reform action plan, through which the tasks required to successfully implement Welfare Reform can be planned, coordinated and monitored.	N/A	Action in progress	4
C.4	Management should develop an action plan to address the findings of our review of the waste management procedure arrangements. The action plan should address future contracts that are subject to EU procurement regulations.	N/A	[redacted]	-

Section 3 – Areas where further management action is required

Refer to the following updates made to matters raised to the South Lanarkshire Council in prior years:

A. Follow up of 2010/11 Audit Recommendations during the 2011/12 Audit

B. Follow up of Annual Report 2011/12

A. *Follow up of 2010/11 Audit Recommendations during the 2011/12 Audit*

The following actions contain the original findings, and recommendations; where applicable a revised recommendation is included.

Action Point – 1 Removal of leavers from IT systems **Action in progress**

Original Finding

Sample testing was performed to ensure leavers are being removed from IT systems and the network in a timely manner. IT has addressed the issue of network leavers by continuing its periodic review of inactive users. This has been tested and we noted five exceptions from a sample of forty five where an active user account existed for an SLC leaver. It was noted that none of these leavers had accessed the SLC network after the leaving date.

2012/13 Follow-up Finding

During testing we again noted seven instances from a sample of 25 where an active user account existed for a staff leaver.

Finding rating	Recommendation	Responsible person / title
Medium	**Original recommendation:** Each of the seven IT Business Teams should be provided with a regular report from HR to ensure that all leavers are identified and dealt with appropriately with regard to removing their access rights to the South Lanarkshire network. It is line managers' responsibility to instruct the IT Business Teams how to deal with leavers, while feedback should be provided where line managers or departments do not promptly inform the IT team of a leaver. **2012/13 Follow-up:** A spreadsheet has been developed to capture leavers data. This is being piloted in the Housing and Technical Resource at present in advance of being rolled out across the Council. **2012/13 Response:** The project solution has been trialled in with the Personnel section in Housing and some changes to the form have been requested. Following this the process will start to be implemented across the other Resources with an expected completion anticipated by summer.	Head of IT & Head of Personnel **Target date:** June 2013

Action Point – 2 Review of procurement strategy — Action in progress

Original Finding:

The centralised Strategic Procurement Department, originally established in 2009, has not been embedded within the Council and is currently under review. The Council is revisiting its procurement functions and determining improvements that are required.

Finding rating	Recommendation	Responsible person / title
High	**Original recommendation:** The original action reflected concerns that the centralised Strategic Procurement Department, originally established in 2009, has not been embedded within the Council and was under review. The Council was revisiting its procurement functions and determining improvements required. Following this action the Council's Procurement Strategy was approved in September 2011 and an action plan is now being implemented. The 2011 Procurement Capability Assessment (PCA) concluded with an outcome score of 36, (conformant) and represents a significant improvement on the prior year score of 23 (non-conformant). The Implementation of the Procurement Strategy Action plan is well progressed, with the category management approach to delivering Procurement across the Council now in place. The first update on the action plan was presented to the Corporate Management Team in March 2012, including an update on actions. The Procurement department is scheduled to review the implementation of the new procurement delivery model **2012/13 Follow-up:** A review of the procurement strategy and action plan and their delivery was undertaken at the end of 2012. A questionnaire to assess opinion on the effectiveness of the strategy has been issued and the responses were being collated at the time of this report. The results of this questionnaire are now due to be analysed with a view to producing an outcome paper which will be submitted to the Corporate Management Team (CMT). **2012/13 Response:** A report has now been drafted on the outcome of the review of the new delivery model. The responses have been generally positive in terms of confirming that the aims of the Procurement Review are being achieved. The paper will inform the refreshed procurement strategy and action plan which is planned for presentation to Committee in October.	Head of Finance **Target date:** May 2013

B. Follow up of Annual Report 2011/12

Action Point – 3 Equal pay claims — **Action in progress**

Original Finding

Due to the potential risk to the Council, Management should continue to actively manage any developments in respect of equal pay claims. This should include regular briefings to members.

Finding rating	Recommendation	Responsible person / title
N/a – part of Annual Report	**Original recommendation**: Officers should provide ongoing monitoring and management of claims, and provide briefings to members as appropriate. **2012/13 follow up:** No significant developments regarding equal pay claims have take place since our last review. The Council are continuing to monitor the situation and will provide updates to Officers as appropriate. We will again report on the status of claims as part of our 2012/13 Annual Report. **2012/13 Response:** Officers will provide ongoing monitoring and management of claims and provide briefings to members as appropriate	Head of Personnel **Target date:** Ongoing

Action Point – 4	Welfare Reform Bill	Action in progress

Original Finding:

In February 2011, the Westminster Government published the Welfare Reform Bill which set out plans to fundamentally overhaul the benefits system. The stated overarching objectives of the Bill were to simplify the benefits system, achieve savings and increase incentives for unemployed people to work. The Welfare Reform Act was given Royal Assent on 8 March 2012.

The impact of these reforms should not be under estimated as they are likely to have far reaching direct and indirect implications for the Council.

The Council should continue to develop its Welfare Reform action plan, through which the tasks required to successfully implement Welfare Reform can be planned, coordinated and monitored.

Finding rating	Recommendation	Responsible person / title
N/a – part of Annual Report	**Original recommendation:** The Welfare Reform Action Plan will continue to be developed and the actions progressed throughout the forthcoming period of the welfare reform. **2012/13 follow up:** A Welfare Reform Group was established in April 2012, chaired by the Executive Director, Finance and Corporate Resource. Regular reports on the progress of the action plan are submitted to the Executive Committee, the latest update taking place on 13 February 2013. The impact of the Act on many areas of the Council's business is still unknown, including uncertainties around the timing of changes. Work is ongoing by the Council to plan for these changes as they develop. **2012/13 Response:** Through the welfare reform group the Council has developed a detailed action plan to respond to the challenges of Welfare Reform. From April changes to Council Tax benefits, Under Occupancy changes, and the Scottish Welfare Fund have all successfully been made. Work will continue to plan for upcoming changes ensuring that relevant stakeholders, include members remain briefed. This action will be ongoing as the elements of Welfare Reform continue to roll out.	Executive Director, Finance and Corporate Resources **Target date:** On going