

PROCEDURAL ISSUES

**AN INVESTIGATION BY THE
AUDIT AND SCRUTINY COMMITTEE**

FINAL DRAFT

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FOREWORD BY CHAIR

To be prepared by Chair in liaison with Clerk

Councillor Gordon Wallace
Chair of Audit and Scrutiny Committee
Date to be completed

PROCEDURAL ISSUES

PURPOSE OF REPORT

1. To report on the Audit and Scrutiny Committee's investigation on procedural issues and related issues and make recommendations for improvement.

BACKGROUND

2. In Autumn 2012 the Committee considered the Chief Auditor's Annual Report which included an independent annual opinion on the adequacy and effectiveness of the Council's internal controls for the year ending 31 March 2012. In that opinion the Chief Auditor did not consider it necessary to highlight all specific concerns linked to internal audit work carried out in 2011/12. However she did highlight comments on four matters considered to be more significant and requiring management action. Two of these were matters concerning systems access and employee declarations of interest.

IT Systems Access Issues

3. The Chief Auditor had reported that various audits of different Council systems had identified that access to these was not always as well controlled as it should be with, for example, some individuals having been listed as having access to some systems when no longer appropriate. The Chief Auditor had recommended periodic, and at least annual, reviews of systems access by all systems administrators and that accounts that were unused for significant periods of time should be identified and deactivated if appropriate. Related issues discussed by the Committee at the time included that access needed to be reviewed not only when employees leave the Council, but also when they moved departments; the importance of addressing such issues quickly including in the interests of data protection; and the value of at least annual access reviews as recommended by the Chief Auditor.

4. It was acknowledged that the Chief Auditor could encourage good practice, but that ultimately it was managers who needed to take action to address such matters. The key role played by systems administrators in taking required action on access issues and the general value of using the Council's exit procedures checklist (*Form Exit 2/11*) when employees leave or move departments was also amongst issues commented on. Initially the Committee considered highlighting to the Corporate Management Team (CMT) the importance its Members attached to systems access issues being addressed adequately and timeously. However instead, in the first instance, it agreed to review the position on access issues identified and what the exit procedures checklist covered.

Declarations of Interest

5. The Chief Auditor confirmed that a further theme running through various audits was the need for staff in specific services to sign annual declarations of interest, having commented that this was being done to varying degrees across the authority. Reflecting the importance the Committee attached to such issues being addressed properly, it was agreed to seek clarification from the CMT on the current arrangements for ensuring that these were completed adequately. It was also agreed to check if any recent recommendations on such issues made by the Chief Auditor during 2011/12 had been acted upon.

Car Mileage and Related Issues and Checks

6. Around the same time, when considering the Committee's work programme, the extent to which employees drive Council vehicles and/or claim expenses for car use was discussed and it was agreed to seek confirmation on the extent to which it was monitored that such individuals hold a current driving licence. Following related discussions on the fuller range of documents employees must provide linked to car use for business purposes and claims, which includes checks of valid insurance and MOT certificates, it was agreed to seek clarification of the wider range of checks done.

INVESTIGATION

7. Given the Committee's wish to seek information and assurances on a range of procedural issues, including because some had arisen from internal audit work, eventually the Committee agreed to pursue work on all of the above issues as a single investigation. During that investigation, as well as reflecting on comments made by the Chief Auditor, amongst other things, issues considered included some of the provisions within the Council's Financial Regulations and its Employee Code of Conduct; the content of some Corporate Personnel Circulars (CPCs); and the authority's exit procedures checklist. However the main focus was to consider feedback to a questionnaire the Committee prepared and issued to every department on the issues it wished to look at. Although it was an option and remains so, the Committee did not seek evidence to support the survey answers provided, opting to accept the validity of responses provided. A summary of issues on which feedback was requested through the Committee's survey is attached (see Appendix 1).

ACKNOWLEDGEMENT

8. The Committee wishes to acknowledge the contribution that a range of officers made to the Committee's review and to thank them for the information and views they provided, particularly given the detailed feedback requested.

CONCLUSIONS AND RECOMMENDATIONS

9. Focussing mainly on feedback received to its questionnaire but also on some other documents such as those referred to above, the Committee has drawn conclusions and made recommendations on procedural issues as outlined in the remainder of this report.

CAR MILEAGE AND RELATED ISSUES AND CHECKS

Access to Corporate Personnel Circulars (CPCs)

10. The departmental responses to questions on awareness of the content of Corporate Personnel Circulars (CPCs) on car mileage and related checks (e.g. CPC 03/07 (issued 2007), 05/09 (issued 2009) and 05/10 (issued 2010)) reflected, with a few exceptions, that the majority of managers had been made aware when CPCs were issued, with these reported to have been cascaded widely on receipt. However, as will be commented on further, the survey responses also reflected that there was not full adherence to requirements specified within them. Possible explanations include that the content was not fully taken on board initially; that familiarity with it lessened over time; or that the circulars had not been cascaded adequately to everyone requiring them from the outset.

11. The Committee became aware that distribution arrangements for CPCs changed several years ago and that some officers who received these directly previously no longer did so, with some anecdotal evidence from a few officers reflecting that some had not seen any new circulars for some time.

12. One officer commented that, on receipt of the Committee's survey, he had tried to locate the CPCs referred to within it on the intranet, but failed. He made us aware that the human resources section had confirmed to him that no widely available repository of all CPCs existed, but that they had forwarded copies of those he had requested to him. A further survey response inaccurately suggested that the 2010 Circular superseded earlier ones whereas the content seemed to be intended to be complementary. Taking on board a helpful suggestion made by an officer in one department and to ensure that officers can have confidence that they can always access any current CPC easily and quickly, the following recommendations are made.

Recommendation 1

CPC distribution arrangements, including all cascade arrangements, should be reviewed to ensure that all circulars are actually reaching every intended recipient and that every officer who requires to see a copy of any is notified, possibly through an e-mail alert, whenever a new CPC is issued.

Recommendation 2

Consideration should be given to making a widely accessible, electronic CPC library accessible on the intranet to all those who need to see circulars preferably featuring an electronic index with links to every current circular.

Recommendation 3

For the avoidance of doubt, when any CPC completely supersedes another, this should be highlighted clearly.

Recommendation 4

Rather than issuing several CPCs on a matter that are intended to complement each other, consideration should always be given to simply amending the original and highlighting changes within it.

Documentation Checks Since 1 January 2011

13. For those claiming mileage expenses, the feedback on required document checks undertaken since 1 January 2011 reflected that some CPC requirements were being met by many but not by everyone.

14. There was some lack of consistency, even within some departments, on when checks were done, although it is acknowledged that some valid reasons for this may exist linked, for example, to dates for car insurance renewals. The feedback also reflected some lack of consistency on recording that checks had been completed, with a variety of documentation used and approaches adopted for this, even within single departments. A few responses reflected that associated records were not being kept, not only for those claiming mileage, but also those driving council-owned vehicles.

15. Taking account that claims should not be approved unless required document checks have been completed, of more concern was that the questionnaire feedback reflected that some minimum, required checks had not always been carried out, including as often as necessary. For example, feedback from one department reflected that since January 2011 some checks had not been done until November or December 2012. Such feedback suggests at least some lack of full understanding across the authority as a whole not only of what is required (including to ensure full compliance with the Council's Financial Regulations), but also possibly of the importance of the checks which is referred to in CPCs. For example they refer to issues linked to the Council's duty of care and the potential for the Council to be held liable for loss or damage in the event of drivers being unqualified or uninsured.

16. One department confirmed that, through an administrative review, it had come to light that checks were not being conducted properly leading to a decision being made to give the departmental business support team responsibility for ensuring that all necessary checks were carried out from 1 April 2013 onwards. This approach seems sensible and is commended. The Committee welcomed that some departments acknowledged that there were some issues that needed to be addressed.

17. On related issues, the Committee received confirmation on the varying extent to which employees in departments drive council vehicles. In keeping with the findings referred to previously, the feedback reflected that the extent to which required checks for those concerned were done adequately (including as often as required) varied, again with there being some non-compliance with CPC requirements within some departments.

18. It is considered worth highlighting that the exact position on when checks had actually been carried out was not always specified clearly in the feedback received and, in some cases, it was not provided at all. However, it was clear for example that checks had not always been done annually. Furthermore, more than one department referred to a limited awareness of what was required. Feedback on completion of log books and related record keeping reflected a more positive picture, with the vast majority of feedback reflecting that these were adequately kept.

19. On a more general issue and as touched upon above, the Committee observed that a few answers from some departments to specific questions Members had posed, including on what document checks had actually been done and when, were incomplete or not as direct as they might have been, making determining the full position difficult. As is already emphasised in some correspondence issued on behalf of the Committee, the Committee values most highly feedback on issues when direct, clear, candid and unambiguous answers and information are provided when requested. Going further, we consider this critical to the Committee effectively discharging its responsibilities.

20. The Committee's questionnaire does seem to have heightened awareness about various requirements to check documents which is arguably useful in itself. Irrespective of that, taking account of the Committee's findings which reflect that checks are not always being completed as required and the importance of a robust approach being taken on completing required checks, the following specific recommendations are made:-

Recommendation 5

Further steps should be taken to remind officers, including through CPCs and vehicles such the *insider*, of the importance and requirement to complete all required vehicle and expenses related document checks both timeously and fully and to emphasise that claims must not be approved in the absence of checks being incomplete.

Recommendation 6

Within each department, it would be useful for a common mechanism to be established which is clear to all those claiming and authorising expenses, that ensures that all required checks are undertaken as often as required (possibly linked to the date on which an individual's insurance is renewed) and logged adequately and preferably consistently.

Recommendation 7

With the exception of schools which, from a pragmatic point of view, probably need to establish their own mechanisms for ensuring that required document checks are completed fully and adequately subject to these meeting the Council's requirements, those departments which have not done so already, should consider placing responsibility for ensuring that all checks are completed and logged with their departmental Business Support Team which should play a coordinating role; maintain a departmental record confirming that all checks have been completed; and alert appropriate Heads of Service when this has not been done.

Recommendation 8

More generally, officers should be reminded that when responding to questions posed by the Audit and Scrutiny Committee, every effort should always be made to ensure that feedback on issues is direct, clear, candid and unambiguous and that adequate answers are provided in response to specific questions posed.

Declaration of Convictions and Related Issues

21. A further issue reviewed was the arrangements in place to ensure that employees who drive council vehicles and who are convicted of a driving offence report this appropriately to their line manager. The replies received reflected that most of those to whom this would apply were aware of their obligation to self-declare in such circumstances and that departments had in place mechanisms for maintaining associated records. Such declarations are important, including because, as specified in CPCs, a failure to make an insurance provider aware of this can render cover invalid and could result in potential liabilities for the Council. This applies not only to drivers of council owned vehicles, but also to those claiming mileage in respect of their own insurance.

22. The Financial Regulations require checks to be made that documents, such as driving licences, are valid. Furthermore CPCs refer to the expectation that employees who become disqualified from driving or have insurance withdrawn will advise their manager accordingly. Having considered the current arrangements (which to a large extent rely on trust), we hold the view that there could be merit in strengthening current procedures linked to driving convictions, by introducing a requirement on departments to specifically check driving licences (which are being checked in any case) not just for validity, but also for any current driving convictions in case any related action is required. On a related issue, a Member of the Committee suggested that it might be possible, in certain circumstances for a fee, to ask the DVLA to advise the authority if a conviction is added to a licence. If this has not been considered before, there could be merit in exploring if such an option is possible for those driving council vehicles, especially as this could cover the time between the annual driving licence checks undertaken in departments.

Recommendation 9

Arrangements for declaration of driving convictions should be reviewed to ascertain if they could be strengthened as suggested, including in liaison with the DVLA.

DECLARATIONS OF INTEREST

23. The Council's Employee Code of Conduct refers to the right the public should expect to the very highest standards of conduct from all local government employees and stresses that the Council itself emphasises the value it places on the highest standards of ethical conduct. For example, it is specified that officers must not allow any personal or private interest to conflict with or influence decisions taken in a work capacity. Reference is also made to declaration issues in the Council's Financial Regulations where the importance of addressing such issues is emphasised. Furthermore, as stated previously, some internal audit work has looked at this issue and highlighted that employees in specific services should sign an annual declaration of interest. Against this background and given the fundamental importance of ensuring that the Council's reputation is not put at risk unnecessarily, the Committee considered it both important and responsible to seek clarification on some current arrangements within departments to ensure that declarations were being completed adequately and as extensively as necessary.

24. A list of the specific issues on which feedback was sought is itemised in Appendix 1. It includes reference to confirmation sought on the extent to which, since 1 April 2011, internal audit had recommended that a declaration of interest issue required to be addressed and any related recommendations had been accepted by management or not and acted upon.

25. The feedback reflected that, with the exception of one, each department had identified at least some employees for whom declarations should be completed which is commendable, as was an acknowledgement by one that there was a need to make improvements on this which was being progressed. However our related discussions, including with the Chief Auditor, on the survey feedback we received revealed some specific examples of employees for whom it was thought declarations were or should be in place, but which had not been specified in the departmental returns suggesting at least some lack of awareness of requirements. We considered our findings surprising, including because departments were also specifically asked if there were any groups of or individual employees for whom declarations had still to be completed, but did not identify any or even any being out of date. Only one department referred to an internal audit report having made recommendations on declaration on interest issues since 1 April 2011. The feedback reflected that they had been implemented.

26. On a related issue, at a recent meeting of the Audit and Scrutiny Committee, during discussions with Members the Council's External Auditor commented that he was aware of very few public bodies that proactively canvassed all their employees annually to ascertain if any had potential interests to declare, many favouring instead a system based largely on self-declaration. Clearly this is not as robust an approach as might be taken.

27. Overall we have concluded that there are arguments in favour of a fresh look being taken across the authority at the extent to which interests are declared and the related procedures in place. It is acknowledged that the Employee Code of Conduct does refer to declaration of interests and that many are declared and recorded. However even so, and in the interests of protecting both the Council and individual employees and because there appear to be employees for whom declarations should be in place which may not be and because further declarations for specific employees and/or groups of them may be warranted, a review of current arrangements seems warranted. This is consistent with

findings of the External Auditor as specified in the Annual Report on the 2012/13 Audit (*Page 24 refers*) and related Action Plan considered by the Audit and Scrutiny Committee on 7 November. The following specific recommendations are made.

Recommendation 10

A review should be undertaken of the adequacy of the current arrangements and procedures in place to allow all interests to be declared and to ensure that all employees and managers are fully clear of requirements.

Recommendation 11

For the avoidance of doubt, consideration should be given to canvassing all employees, on an annual basis as a minimum, to ascertain if they have any interests which should be declared.

IT SYSTEMS ACCESS ISSUES AND LEAVERS CHECKLIST

28. As specified previously, the Chief Auditor confirmed that various audits had identified that access to different IT systems used within the authority needed to be improved. More specifically, some internal audit reports had recommended that periodic, and at least annual, reviews of systems access should be carried by all systems administrators and that accounts unused for significant periods of time should be identified, reviewed and deactivated if appropriate. Against this background, clarification was sought on the current arrangements within departments to ensure that systems access was appropriate.

29. A list of the specific issues on which feedback was sought is itemised in Appendix 1. It includes reference to confirmation sought on the extent of systems used by departments; the frequency of checks to ensure access continued to be appropriate and valid; and steps taken to ensure that relevant notification was provided to systems administrators of changes.

30. Regarding the extent to which departmental responses reflected full awareness of the IT systems used (examples had been provided to prompt thoughts on this), the feedback referred to many systems, but not necessarily all those thought to be used in every department. For example, some feedback simply referred to the use of 'standard' or 'normal' systems without specifying them as requested and responses from schools referred to the use of around 20 systems overall, but not necessarily consistently. Some respondents did specify who relevant systems administrators were, but not all did so or did so fully correctly, perhaps suggesting a lack of clarity on this which it would be useful to address.

31. Feedback varied across departments on how and how often checks were done to ensure that systems access continued to be appropriate and valid. For example, in terms of timeframes some linked reviews to performance review and development arrangements; some linked them to when someone left; and others referred to reviews on the basis of a number of timescales including on a real time basis, quarterly, six monthly or annually amongst others. Regarding steps taken to keep administrators updated, reference was again made to a variety of approaches, including use of e-mail, the completion of forms, regular liaison with IT, staff meetings or the close working relationships of some officers amongst others. The replies did not always reveal if such communications were always made in writing, but our view is that for the avoidance of doubt administrators should always be advised in writing of any systems access change requirements. Some indicated that systems were maintained outwith their department or suggested that it was the IT section's responsibility to deal with system access issues.

32. A specific issue Members were interested in was steps taken to ensure that systems administrators were kept fully updated on when employees left the Council or changed jobs when arguably a reassessment should always be undertaken. Some feedback reflected confidence that this was done, but definitive clarification was not always provided and we were not reassured that it was.

33. On a related issue, form Exit 2/11 (*exit procedures leavers checklist*) specifies a range of tasks to be undertaken when employees leave the Council or move to another department, providing space to document actions. The feedback from every department reflected some lack of full compliance with the requirement to complete the form. Feedback reflected that some officers lacked awareness of its very existence, with some giving a commitment to use it from now on.

34. The form does refer to logging calls to IT to deactivate access to applications and some related issues, but we feel it could be clearer on the need to ensure that access to all relevant systems requires to be reviewed when people leave or change jobs. It could be that the name of the form (*exit procedures leavers checklist*) has not flagged up sufficiently that it should be completed in several circumstances and not just when an officer leaves the authority. Arguably it should be completed, to some degree, whenever someone changes job internally, even within a department. The form states that completed forms should be returned to HR Direct to confirm adequate completion of tasks, but as the form has not always been used, that cannot have been happening or checked.

35. Reinforcing the Chief Auditor's findings, our survey results support the conclusion that system access arrangements are not operating as well as they might; at least some lack of clarity on what is required; and the need for review, particularly to ensure that system access is limited to those who require it. In support of the Chief Auditor, the Committee also supports, as a minimum, reviews of systems access by all systems administrators on an annual basis and action being taken to ensure that accounts unused for significant periods of time are identified, reviewed and deactivated as appropriate as they should be. The importance of this cannot be overstated. Preparing a list of all systems used in each department and of related administrators accessible to all could be beneficial.

36. A review of the title, format and use of form Exit 2/11 also seems merited to ensure that it is sufficiently clear what should be checked, by whom and when in terms of system access whenever an employee leaves or changes job. Amongst other things, it would be useful if the content prompted those completing the form to advise all relevant systems administrators in writing of required changes. If human resources checked that a fully completed form was always received by them, it would be safer to conclude that all required tasks had been completed.

37. With regard to systems access issues and the exit procedures checklist, the following specific recommendations are made:-

Recommendation 12

The procedures for reviewing systems access should be revisited and clarified further and made known to all officers.

Recommendation 13

As a minimum, systems administrators should review access to the Council's IT system on an annual basis and ensure that accounts unused for significant periods of time are identified, reviewed and deactivated as appropriate, in respect of which the preparation for each department and distribution of a full list of all IT systems used and related administrators could be beneficial.

Recommendation 14

The title, format, use and awareness of form Exit 2/11 should be reviewed to ensure that it is sufficiently clear what should be checked, by whom and when in terms of system access whenever an employee leaves or changes job, including to prompt those completing the form to advise all relevant systems administrators in writing of required changes.

Recommendation 15

Human resources should check that a fully completed Exit form is received by them each time a person leaves the Council or changes job.

CONCLUSION

38. In summary, principally through a survey, the Committee has identified a range of issues that require to be reviewed and addressed regarding expenses claims and associated documentary checks; declarations of interest; and systems access issues. In total 15 recommendations have been made on these issues.

39. Furthermore, it is recommended that the Cabinet consider the Audit and Scrutiny Committee's report on its investigation and the associated Executive Summary (*to be prepared by Clerk on approval of main report*) and agree that a response be prepared by appropriate Officers and submitted to a further meeting of the Cabinet.

**ISSUES ON WHICH THE COMMITTEE SOUGHT
FEEDBACK FROM ALL DEPARTMENTS**

Car Mileage and Related Issues and Checks

The Committee sought feedback from all departments on a range of issues, including:-

- The extent to which employees who authorise expenses had been made aware of the content of relevant Corporate Personnel Circulars (CPCs)(e.g. 03/07; 05/09; 05/10) relating to all employees and in respect of which car mileage claims should not be authorised if employees have not provided:-
 - A valid driving licence;
 - Motor insurance for business purposes; and
 - A valid MOT certificate for the vehicle used.
- When, since 1 January 2011, the above documentation had been checked.
- The extent to which the checks were completed fully in accordance with relevant CPCs and reasons why any checks were incomplete.
- If a full written record was always maintained on the completion of all required checks, why it was the case if not, and who was responsible for maintaining the records.

The extent to which employees drive council vehicles and related issues were also explored with departments asked to provide feedback on issues such as:-

- The completion of checks to confirm that such employees hold a valid driving licence, the extent to which required checks were completed fully in accordance with relevant CPCs and if and why any checks were incomplete.
- Related record keeping, including the upkeep of vehicle/driver log books recording who drives vehicles and when.
- The arrangements in place to ensure that employees convicted of a driving offence report this appropriately.
- Those responsible for maintaining the records.

Declarations of Interest

Clarification was sought on the arrangements for ensuring that declarations of interest were completed adequately when required, including:-

- The extent to which groups of employees and/or individual employees for whom any form of declaration of interest should be prepared had been identified and the designations of those concerned.

- Any reviews undertaken since January 2011 to ensure that declarations were fully up to date; the extent to which such declarations had been completed; and where they had not been updated, the extent of this and arrangements and timescales for addressing this.
- Since 1 April 2011, the extent to which internal audit reports issued to them had recommended that declaration of interest issues should be addressed; the acceptance or otherwise of recommendations; and extent of implementation of related action plans and related timescales.

Leavers Checklist

On a general issue, departments were asked to confirm the extent to which the Council's *Exit Procedures checklist* was fully completed for relevant employees leaving the Council or moving department.

IT Systems Access Issues

Members of the Committee explored:-

- Which IT systems departments used, who the related system(s) administrators were, and how often checks were undertaken to ensure that systems access continued to be appropriate and valid for individual employees.
- Steps taken to ensure that systems administrators were kept fully updated about access to IT systems, including if they were notified when employees left the Council or changed jobs and, where gaps existed, any plans to address this.