

**REPORT TO: SCRUTINY COMMITTEE – 25 SEPTEMBER 2019**

**REPORT ON: INTERNAL AUDIT REPORTS**

**REPORT BY: SENIOR MANAGER – INTERNAL AUDIT**

**REPORT NO: 315-2019**

**1.0 PURPOSE OF REPORT**

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

**2.0 RECOMMENDATIONS**

Members of the Committee are asked to note the information contained within this report.

**3.0 FINANCIAL IMPLICATIONS**

None

**4.0 MAIN TEXT**

**4.1** The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management’s proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.

**4.2** Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Elected Members and management with key information which includes the reason for undertaking the review, a summary of financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of management’s response to the audit report. The full reports are available to Elected Members on request.

**5.0 POLICY IMPLICATIONS**

This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. There are no major issues.

**6.0 CONSULTATIONS**

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

**7.0 BACKGROUND PAPERS**

None

Pamela Redpath, Senior Manager – Internal Audit

DATE: 04 September 2019



## i) INTERNAL AUDIT REPORT 2018/08

<b>Client</b>	<b>City Development</b>
<b>Subject</b>	<b>Energy Management</b>

**Introduction**

The Council is committed to sustainability with considerable work having been completed and more underway to transform Dundee into a sustainable, low carbon city. Part of this work involves reducing carbon dioxide emissions and domestic energy consumption.

The legislative requirement which impacts upon energy management is the Climate Change (Scotland) Act 2009. The Scottish Government has developed both an Energy Strategy and a Climate Change Plan as part of the strategic framework to support the transition to a low carbon Scotland. The Council's initiatives align with this national framework. A Sustainable Energy and Climate Action Plan (SECAP) is in the process of being developed by the Dundee Partnership to support its commitment to sustainable development and is currently out for a period of public consultation before it will be finalised. This plan has six strategic headings including energy efficiency, renewables and district heating. The Council has also approved an Energy Management Policy (2012 - 2020) to support its climate change aspirations and targets and help achieve Scottish Government targets. In addition, a Carbon Management Plan 2012 - 2020 with revised energy consumption reduction targets for Council buildings until 2019/20 has been developed. The Carbon Management Plan 2012-2020, which currently relates solely to energy management, includes 4 Strategic Themes which are Management Support, Staff Awareness and Motivation, Data Collection and Implementation and Property Physical Measures.

The Council's Energy Management Team carries out various duties to enable the Executive Director of City Development to fulfil his Corporate "client" role with regards to property asset management (including carbon / energy management) and ensure that corresponding best practice is adhered to, including the preparation, implementation and review of policy and procedures.

The Council has reported savings in the region of £1.2 million over a 5 year period through improved energy efficiency in buildings and the use of SMART metering. Going forward the aim is to continue this trend through implementation of the VITAL Energi recommendations.

**Scope and Objectives**

Review of the Council's strategic and operational approach to managing and monitoring energy consumption and the identification of potential opportunities to make improvements.

**Conclusion**

*The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.*

The main areas highlighted in the report are as follows:

- In order to provide clear strategic direction, oversight, scrutiny and support in relation to energy management, an appropriate governance framework should be established and thereafter, the Council's Energy Management Policy and Energy Management Action Plan should be reviewed and revised to ensure that they are aligned to current Council priorities. Formal monitoring of progress towards targets should be carried out on an ongoing basis by one of the energy management governance groups.
- In order to ensure that services can effectively manage and monitor their energy consumption, and corresponding costs, the Energy Management Team should identify, in conjunction with services, staff best placed to receive energy reports and take on responsibility for managing and monitoring energy consumption within Council buildings.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.

## ii) INTERNAL AUDIT REPORT 2018/10

<b>Client</b>	<b>City Development</b>
<b>Subject</b>	<b>Health and Safety Contracts</b>

**Introduction**

The Building Surveying Services Team within City Development's Property Services is responsible for the inspection and maintenance of the Council's numerous and varied operational non-housing properties, including all leisure centres, offices and schools, but excluding public-private partnership (PPP) buildings. The number of properties for each contract varies, however the highest number of properties for one specific contract is 270. The Building Surveying Services Team consists of three Mechanical Engineers, three Electrical Engineers and four Clerks of Works. The Grimley Valuation and Asset Property Management (GVA) system is used to record all Health and Safety information relating to non-housing properties.

Health and Safety risks are present within each property, however specific risk portfolios vary depending on the age and type of building, what it is used for and its fixtures and fittings. The way in which each Health and Safety risk needs to be managed also varies and depends upon the Health and Safety legislation in place for that type of risk. Health and Safety risks that may be present in a property include, for example, those associated with air conditioning units, fire extinguishers, fire detection and alarm systems, boilers, solar heating installations, chilled water, roller shutter doors, automatic doors and automatic barriers.

City Development is required to inspect and monitor the condition of non-housing property assets on a cyclical basis, including all physical maintenance and property-related health and safety requirements. There are currently 62 health and safety topics as identified by Property Services. It is the responsibility of Property Services, in conjunction with the Council's Corporate Procurement Team (CPT) to procure health and safety contracts for each of these topics and supervise and monitor the quality of service delivery.

The suppliers appointed to deliver the Health and Safety contracts on behalf of the Council provide certificates of compliance to the Council following their inspections and as part of the monitoring arrangements in place, the Building Surveying Services Team, specifically the Property Officers and Clerks of Works, conduct surveys on a periodic basis to ensure that the contractors are delivering on their contractual commitments.

**Scope and Objectives**

Review of the Council's processes, procedures and controls in place to ensure compliance with relevant statutory requirements and best practice through health and safety contracts.

**Conclusion**

*The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.*

The main areas commented upon in the report are as follows:

- Effective procurement, management and monitoring procedures are in place for Health and Safety Contracts, although they are not documented in a procedural manual. This gives rise to a risk that that if a new member of staff is brought in, they may not know how to ensure Health and Safety obligations are satisfied. To reduce this risk, and provide evidence that the contractors' service delivery is being managed and monitored, the working practices and procedures should be documented in a manual.
- Whilst there is a process in place to monitor the compliance of contractors against their Health and Safety obligations, it should be enhanced to include narrative about the duration of and assigned Certificate of Compliance rating, the length of time the rating has been assigned and a summary action plan for remediation. This would reduce the risk that required Health and Safety actions are not completed timeously.

## ii) INTERNAL AUDIT REPORT 2018/10 (Cont'd)

<b>Client</b>	<b>City Development</b>
<b>Subject</b>	<b>Health and Safety Contracts</b>

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.

## iii) INTERNAL AUDIT REPORT 2018/11

<b>Client</b>	<b>Corporate</b>
<b>Subject</b>	<b>Health and Safety Risk Assessments</b>

**Introduction**

Dundee City Council has an obligation to protect the health and safety welfare of its employees, and to take reasonable steps to ensure that the public and the environment are exposed to the lowest practicable level of risk. The Council, as an employer, has clear health and safety responsibilities under health and safety legislation to manage and control risks. The Council has determined under its Health & Safety Policy and Management Framework (the Framework) that those best placed to manage and control risks are the services that are creating the risks from their work activities. There are a number of regulations requiring risk assessments to be undertaken, including the management of Health & Safety at Work Regulations 1999, the Health & Safety (Display Screen Equipment) Regulations 2002, the Manual Handling Operations Regulations 1992 as Amended and the Control of Substances Hazardous to Health Regulations 2002.

The Council's Health and Safety Service sits within the HR and Business Support Service within Corporate Services. The function of the Health & Safety Service is to provide competent health and safety advice to the whole Council, through the provision of policies, guidance, training, advice and support, to enable services to effectively manage and control health and safety risks whilst delivering services to the citizens of Dundee.

The Council's Corporate Health and Safety Plan 2018-22, which was approved in August 2018, sets out the processes in place to manage the health and safety risks facing the Council.

Services are responsible for the management and control of their own risks, including completion of risk assessments. Heads of Service or Service Managers have delegated responsibility for ensuring that risk assessments are completed, approved and implemented within their Service area and that these assessments are developed into safe systems of work and controls, which are then communicated to relevant individuals within the Service. These arrangements are detailed in the Framework.

The Corporate Health & Safety Service is also responsible for providing health and safety support and guidance to all Council services, including the provision of training to enable employees to undertake a range of risk assessments. Guidance on how to undertake risk assessments is also included in the Health & Safety Toolkit, including a risk assessment pro-forma and scoring mechanism.

**Scope and Objectives**

Review of the risk assessment process in place within the Council to examine work activities and identify, manage and mitigate corresponding health and safety risks. Risk assessments for School Trips and Leisure & Culture Dundee are excluded from the scope of this audit.

**Conclusion**

*The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.*

The main areas highlighted in the report are as follows:

- The Framework is extensive and covers the areas expected, it also includes sections to be tailored and completed by individual services, which facilitates appropriate arrangements to be formed at Service level. However, the approach to the completion of those sections varies, with some instances of incomplete, out of date or unapproved documents.

## iii) INTERNAL AUDIT REPORT 2018/11 (Cont'd)

<b>Client</b>	<b>Corporate</b>
<b>Subject</b>	<b>Health and Safety Risk Assessments</b>

**Conclusion (Cont'd)**

- Roles and responsibilities are summarised in a specific section of the Framework, but are also contained (and added to) in various places throughout the Framework, including in the sections tailored and prepared by services. Further complexity exists due to imprecise language used within the Framework which makes it difficult to distinguish between Health and Safety Policy requirements and guidance. In some cases, requirements are included in the Framework without clear allocation of responsibility for compliance. Taken together these increase the risk of non-compliance.
- The Framework requirements in respect of hazard identification activity and documentation (determined at Service level) are unclear and individual service strategies vary. While some services have undertaken extensive hazard identification activity in consultation with staff, there is no consistent evidence of activities undertaken as required by the Framework. This increases the risk of incomplete hazard identification, risk assessment, mitigation and management which could lead to injury or harm.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

## iv) INTERNAL AUDIT REPORT 2018/13

<b>Client</b>	<b>Corporate</b>
<b>Subject</b>	<b>Follow-up Review of Procurement</b>

**Introduction**

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2015/16, Procurement, was undertaken.

The original internal audit report concluded that there were weaknesses in the system which should be addressed. The main areas highlighted in the report were as follows:

- Key members of staff should be reminded of the requirement to disclose all Directorships and office bearer roles and update their Register of Interests (RoI) records as new potential conflicts of interest arise. Going forward, consideration should be given to reviewing the current senior officers' RoI process with a view to expanding the scope to include other key members of staff, introducing the requirement to disclose any personal or business relationships with Council suppliers and developing corresponding appropriate internal information sharing protocols.
- To assist with the mitigation of procurement fraud risk, the Council should develop processes and procedures to ensure that national and local frameworks are utilised where appropriate across all service areas. In addition, steps should be taken to address the areas for improvement identified in relation to segregation of duties and approval limits. Consideration should also be given to a longer term objective of adopting a single corporate approach to all procurement and payment activity.

**Scope and Objectives**

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2015/16 had been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.

**Conclusion**

*The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.*

The main areas where actions agreed by management are still outstanding are as follows:

- Improvements have been made in relation to the Officers' RoI process, including a review and widening of the scope to include key members of staff involved in procurement activity. Further improvements are, however, required to address staff turnover in these key roles. A notice of registerable interests was issued in January 2019 to the new expanded list of officers requesting completion of the form and reminding them to notify their Executive Director immediately of any change in circumstances during the course of the year.
- There has been a lot of work undertaken with regard to ensuring that services are aware of and utilise existing public sector frameworks and to the development of construction procurement frameworks. With regard to developing these new construction procurement frameworks, the majority of frameworks classed as priority 1 are either now in place or nearing finalisation. Segregation of duties has now been achieved through configuration of access permissions and requisition limits within the CIVICA Purchasing system and approval limits have been revised in line with the recommendation. However, with a view to optimising the control environment, a comprehensive review of the CIVICA Purchasing user access functionality should now be undertaken.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.



## v) INTERNAL AUDIT REPORT 2018/14

<b>Client</b>	<b>City Development</b>
<b>Subject</b>	<b>Follow-up Review of Dangerous Buildings and Public Safety</b>

**Introduction**

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2016/28, Dangerous Buildings and Public Safety, was undertaken.

The original internal audit report concluded that there were weaknesses in the system which should be addressed. The main areas highlighted in the report were as follows:

- The operating procedures for responding to reports of public safety or dangerous buildings have not been documented and the processes that are operating are highly reliant on the knowledge and expertise of some of the most senior and experienced surveyors within Building Standards. The operating model for how Building Standards manages its mandated responsibilities regarding dangerous buildings and public safety should be defined, documented, approved and implemented, with both roles and responsibilities and key documentation identified.
- The majority of all assessments of dangerous building and public safety risks are performed by one senior officer within Building Standards. Management should define and identify appropriate resource requirements to fulfil the roles currently delivered by this officer and prioritise a succession planning arrangement to ensure that legislative requirements can continue to be delivered should that individual be absent for long periods of time or leave the organisation.

**Scope and Objectives**

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2016/28 had been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.

**Conclusion**

*The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.*

The main areas where actions agreed by management are still outstanding are as follows:

- An overarching guidance procedure with links to associated work instructions and forms has been developed, in line with the requirements for ISO 9001 accreditation, for responding to reports of public safety or dangerous buildings. This guidance has been formally communicated and is available to staff who are on the call out rota for dangerous buildings. However, a few areas highlighted at the time of the original audit still have to be incorporated into the guidance, most notably in respect of the procedures for completion certificates, which are currently being reviewed. The intention is to keep the guidance under review and to seek ISO 9001 accreditation.
- Although succession planning arrangements have not been formalised, consideration has been given to the resources required to fulfil the full role(s) of the Senior Surveyor. Expertise is available within the Building Standards Team to undertake the Senior Surveyor's duties. However, the use of other team members may have an impact on performance of the team's core duties and associated rating as verifier for building warrants. Proposals for the future structure and resourcing of the Building Standards Team have been drafted and agreed in principle by the Head of Service and Executive Director of City Development.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.

## vi) INTERNAL AUDIT REPORT 2018/16

<b>Client</b>	<b>Corporate / Tayside Procurement Consortium</b>
<b>Subject</b>	<b>e-tendering</b>

**Introduction**

Public Sector procurement reform across Scotland was set up in 2006 following John McClelland's Report "Review of Public Procurement in Scotland". One of its recommendations stated, that in order to maintain a competitive environment and to support an open and transparent market environment, a single public sector 'electronic portal' should be established where suppliers can access essential information on opportunities to offer services and bid for contracts for the supply of goods, works and services to the whole Public Sector in Scotland. It further stated that access to, and participation in, tenders should be free of charge.

Public Contracts Scotland (PCS) - Tender is the national eTendering system for buyers and suppliers to manage tender exercises online. The European Standard Procurement Document (Scotland) and ITT templates enable buyers to create consistent tender documentation using the system. Resulting tenders are advertised to suppliers via the PCS web portal.

The Council's Corporate Procurement Team (CPT) advertises tenders via PCS or through national contracts. It is also a member of the Tayside Procurement Consortium (TPC), which is a local procurement collaboration across Tayside that places contracts on behalf of Angus Council, Perth and Kinross Council and Dundee City Council. Tender Procedures, contained within the Council's Standing Orders and TPC's Contract rules, set out the internal requirements in respect of tendering.

The Council's CPT has worked with Legal Services to update the Council Standing Orders and Tendering Procedures to reflect the Corporate Procurement Strategy 2018-2020, EU legislation and the Procurement Reform (Scotland) Act 2014 requirements. E-tendering was introduced within the Council with effect from October 2018. E-tendering, using PCS-Tender was used within TPC throughout 2018/19.

**Scope and Objectives**

Review within the Council and TPC of the processes in place for e-tendering to ensure that they are robust and in line with procurement legislation.

**Conclusion**

*The principal conclusion drawn from this review is that there is a sound system of control designed to achieve the system objectives and that the controls are being consistently applied.*

**Management Response to the Audit Report**

The audit findings and recommendation was formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

## vii) INTERNAL AUDIT REPORT 2018/21

<b>Client</b>	<b>Corporate</b>
<b>Subject</b>	<b>Fraud Governance</b>

**Introduction**

The Council's Internal Audit Service includes a Corporate Fraud Team which is responsible for the detection and prevention of corporate fraud. This includes for example, potential cases relating to Council Tax discounts and exemptions, Council Tax Reduction Scheme, tenancy, employees, procurement, blue badges and licensing.

The Council participates in the National Fraud Initiative, to assist in the prevention and detection of fraud, by submitting data sets to the Cabinet Office for matching. The output from the data matching exercise results in the identification of potential instances of fraud, which are regularly subject to investigation by officers. Multi-agency groups, such as those involving the Scottish Environment Protection Agency and Police Scotland include Council representation for the purposes of fraud risk assessment and intelligence sharing.

The Council has also implemented hotlines for both whistleblowing and corporate fraud, a dedicated email address and fraud reporting templates, which are available on-line for individuals to report allegations of fraud and areas of concern. The Council's Corporate Fraud Team uses the Intec system to record allegations and manage responses.

Various staff and Member policies guide acceptable practice in respect of gifts, hospitality, relationships and conflicts of interest. These are supported by mandatory declarations for a number of senior officers and officers in key roles made on a regular basis. The Council is also committed to the prevention, detection and reporting of money laundering with an anti-money laundering policy and procedures in place.

**Scope and Objectives**

To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these.

**Conclusion**

*The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.*

The main areas commented upon in the report are as follows:

- The Council has implemented a wide range of activities in relation to fraud risk management which mirror good practice. There is a sound understanding of fraud risks within the Council, however, there is no detailed fraud risk register which sets out in a clear concise manner the key fraud risks faced by the Council. It is recommended that a fraud risk register is prepared recording the key fraud risks. This should be maintained and refreshed on a periodic basis.
- Good quality management information is provided to the Integrity Group and within the annual Performance and Activity Report of the Corporate Fraud Team available to the Scrutiny Committee. However, fraud information should be more forward looking and be able to show that it is targeted at informing and mitigating the key fraud risks. It is recommended that, once the key fraud risks have been formally documented in a fraud risk register, fraud management information is identified and provided via the Corporate Fraud Team to the Integrity Group and Senior Management on a regular basis to inform the mitigation of the most significant fraud risks.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

## viii) INTERNAL AUDIT REPORT 2018/25

<b>Client</b>	<b>City Development</b>
<b>Subject</b>	<b>ABC Multi-Operator Smartcards</b>

**Introduction**

In September 2016 a multi-operator smartcard bus ticket for Dundee and its surrounding area was launched. This multi-operator ticket, known as the ABC (All Bus Companies) ticket, allows travel across all bus services with one smart ticket. Currently, three bus operators have signed up to the Dundee Smartzone Multi-Operator Bus-Only Smartcard Agreement (the Agreement), specifically Xplore Dundee, Stagecoach East Scotland and Moffat & Williamson Ltd. The participating bus operators are required to appoint an Independent Scheme Administrator to manage certain elements of the scheme and redistribute ticket sales revenue according to usage. In addition to the bus companies, Dundee City Council and Angus Council have an interest in the scheme.

Dundee City Council has been appointed as the Independent Scheme Administrator and is, therefore, required to provide administrative services as detailed in the Agreement. It has been agreed that a management fee of 2.5% of total ticket sales should be paid to the Council to cover administrative costs, with a further 2.5% held by the Council on behalf of the bus operators to cover any marketing activity costs. The Council, as Independent Scheme Administrator, is responsible for the redistribution of ticket sales revenue to participating operators using a pre-agreed formula and also for calling meetings of the scheme's management committee and undertaking related administrative tasks. The total number of journeys completed in the Dundee Smartzone in 2018/19 was in the region of 400,000 with total sales revenue collected for redistribution amounting to over £332,000.

**Scope and Objectives**

Review of the system established within the Council to discharge its new independent ABC scheme administrator responsibilities.

**Conclusion**

*The principal conclusion drawn from this review is that whilst there is basically a sound system of control there is one area where it is viewed improvements can be made.*

The main area commented upon in the report is as follows:

- In order to ensure compliance with the Agreement, operators should be reminded of the requirement to submit sales data, passenger numbers and revenue to Dundee City Council, as Independent Scheme Administrator, no later than the 14<sup>th</sup> day of the month following that in which the revenue was collected. This should then enable the Council to ensure that, in line with the Agreement, revenue is redistributed to bus operators before the last day of the calendar month following that in which the revenue was collected.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.

## ix) INTERNAL AUDIT REPORT 2018/26

<b>Client</b>	<b>City Development</b>
<b>Subject</b>	<b>Electric Vehicles Parking</b>

**Introduction**

Dundee is Scotland's only Go Ultra Low City. It has the largest electric fleet of any local authority in the United Kingdom and also has one of the most extensive charging infrastructures. Drive Dundee Electric was launched by the Council in June 2017 to encourage and support the uptake of electric vehicles in the area. As part of this ongoing campaign the Council introduced free parking for electric vehicles, which will be supported with funding from the Scottish Government's Air Quality Action Plan Grant.

As at March 2019, there were in the region of 690 electric vehicles registered for free parking in Dundee, compared with 492 in July 2018. This is an increase of 40% in that time. One of the Council's top priorities in the Council Plan 2017 – 2022 is to increase the total percentage of electric vehicles in the City from 1%, with a 10 year target of 20%.

**Scope and Objectives**

Review to assess the operational arrangements in place to support the Council's commitment of offering free parking to those with electric vehicles.

**Conclusion**

*The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.*

The main areas highlighted in the report are as follows:

- In order to ensure that accurate records are held in respect of free parking for electric vehicles (including eligibility expiry dates), only vehicles eligible for and granted free parking can automatically pass through the parking barriers in Council multi-storey car parks; a full reconciliation of the information held in the Electric Vehicle Free Parking Spreadsheet, maintained by the Fleet Management Team, to the information held in the Automatic Number Plate Recognition (ANPR) system and CIVICA Civil Enforcement system, managed by the Parking Team, should be carried out as a matter of urgency. Going forward, the Fleet Management Team should take on responsibility for notifying the Parking Team of the date on which a vehicle's eligibility to free parking should end and this date should then be applied to both the ANPR and CIVICA Civil Enforcement systems. In addition, eligibility for free parking should be rechecked in line with Council procedure.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Executive Director of City Development and appropriate action agreed to address the matters raised.

## x) INTERNAL AUDIT REPORT 2019/01

<b>Client</b>	<b>Corporate</b>
<b>Subject</b>	<b>Transformational Change</b>

**Introduction**

The Changing for the Future (CFTF) programme is a driver for transformation and re-design within the Council. Over the course of the last 7 years it has helped realise almost £80m worth of savings. Phase 4 of the CFTF programme came to an end in March 2018 and since then the approach has been reviewed and fundamentally redesigned.

The Council's new CFTF programme, known as C2022, focuses on the medium to long-term transformation of service delivery and supports the aims and objectives of both the Dundee Partnership's City Plan 2017-2026 and the Council Plan 2017-2022. C2022 has been structured around four core themes, specifically Service Redesign, Partnership and Commissioning, Digital and People, Resources and Assets. Within these themes there are a total of 20 projects, which are aligned to associated Council Plan priorities, 5 of which are considered a priority.

C2022 has been developed with a number of key external factors in mind, including legislative and demographic changes, which are likely to place increasing demands on Council services at the same time as diminishing resources.

Report 72-2019 submitted to the Policy and Resources Committee on 21 February 2019 sets out the Revenue Budget for 2019/20. The report includes a range of projected savings and efficiencies which may be required between 2019/20 and 2021/22 in order to achieve a balanced budget. The cumulative savings required for this period range from £38.3m to £55.1m. The projects contained within the C2022 programme aim to contribute towards achieving these savings as well as delivering other efficiencies.

The C2022 programme is managed by the Programme Management Office within the Chief Executive's Service and the Council Management Team is the C2022 programme board.

**Scope and Objectives**

Review of the arrangements in place to manage the Council's transformational change agenda, C2022, including the identification, demonstration and reporting of proposed savings.

**Conclusion**

*The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.*

The main areas highlighted in the report are as follows:

- To ensure that Elected Members can assess the progress of the C2022 Transformation Programme, more regular Transformation Programme update reports should be submitted to Committee. To assist in ensuring the success of the Transformation Programme, it is recommended that the PMO reaches out to key officers within services with a view to providing clarification and ultimately aiding understanding surrounding the specific objectives of their project, roles and responsibilities and (where appropriate) how their day to day work links into the C2022 Transformation Programme. In addition, project management training should be provided to key staff involved in the C2022 Transformation Programme and, in order to support the identification and management of current and emerging risks, a specific risk register for the C2022 Transformation Programme should be developed and maintained.
- The C2022 Transformation Programme should be reviewed and revised in order to ensure that: the scope of each project is clearly defined; what the project aims to achieve is accurately described; and the specific actions required to realise the project vision are detailed.

## x) INTERNAL AUDIT REPORT 2019/01 (Cont'd)

<b>Client</b>	<b>Corporate</b>
<b>Subject</b>	<b>Transformational Change</b>

**Conclusion (Cont'd)**

- In order to ensure that the CMT and Elected Members receive accurate information relating to the progress of the C2022 Transformation Programme, Pentana should be reviewed and updated to accurately reflect the completion percentages against the scope of each project. Issuing detailed guidance to officers regarding the methodology to be used when determining the percentage completion of transformation projects, in particular the maximum percentage completion to be assigned to a project before the project implementation phase has commenced, should assist with interpreting progress and achieving consistency in approach. Consideration should be given to providing specific training to officers in how to make better use of the project management module within Pentana, including the milestones function.

**Management Response to the Audit Report**

The audit findings and recommendations were formally reported to the Chief Executive and appropriate action agreed to address the matters raised.

