



To: Audit, Scrutiny and Petitions Board

On: 15 February 2016

Report by: Chief Auditor

Heading: Summary of Internal Audit Findings for Quarter to end of December 2015

1. Summary

1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board. To comply with this requirement Internal Audit submits regular reports on the findings and conclusions of audit engagements to the Audit, Scrutiny and Petitions Board.

1.2 Appendix 1 attached to this report provides a summary of internal audit findings in relation to final reports issued for those engagements completed during the period 1 October – 31 December 2015.

1.3 In addition to the reports listed in the Appendix, Internal Audit has an ongoing commitment to:

- A range of corporate and service initiatives;
- Progressing of information security matters in partnership with ICT and Legal Services;
- The regular provision of advice to departmental officers;
- The provision of internal audit services to the associated bodies for which Renfrewshire Council is the lead authority and to Renfrewshire Leisure Ltd;
- Co-ordination of the Council's corporate risk management activity;
- Management of the counter fraud team;
- Management of the risk management and insurance team.

2. **Recommendations**

- 2.1 Members are invited to consider and note the Summary of Audit Findings reported during the quarter from 1 October to 31 December 2015.
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Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.
11. **Privacy Impact** – None

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Appendix 1

Renfrewshire Council
Internal Audit Service
Quarterly Update for Audit, Scrutiny and Petitions Board
Final Audit Reports issued from 1 October– 31 December 2015

Category	Service	Audit Title	Main Issues	Rec's agreed
Systems Audits	Children Services	Child / Vulnerable Adult Protection	- A review was undertaken of the arrangements in place for convening and the servicing of the various planned and reactive child and vulnerable adult case review meetings/panels. - The systems in place for administration of child and vulnerable adult protection meetings were found to be generally satisfactory. The review did identify a high proportion of meetings from the sample tested where the Council was unable to provide minutes to meeting attendees within the timescales stated in national guidelines and recommendations were made to assist with this issue.	Yes
		Devolved Management of Resources – Schools	- A review has been undertaken of the system in place relating to budgets that have been devolved to schools. 4 schools were selected for audit testing purposes. - Budgets allocated to schools and budget monitoring processes were found to be satisfactory. However, the audit identified that improvements were required in relation to	Yes

			documented procedures and compliance with these procedures, as well as issues surrounding procurement. Therefore recommendations have been made to strengthen the internal controls in these areas which management agreed to implement.	
	Development & Housing	Planning Services	An audit was undertaken of the arrangements in place for payment and accounting for planning and building control income received along with applications. This audit identified that satisfactory arrangements are in place for the collection of and accounting for such income.	Yes
	Corporate	Freedom of Information Requests	- This review examined the processes in place to respond to Freedom of Information requests across various Council services. - Although no key risks were identified, some good practice recommendations were made to enhance the current processes including appointing FOI Coordinators to reflect changes in the council's structure and determining a timescale for completion of improvements to the FOI database, which could increase the amount of information in the council's publication scheme and reduce the number of FOI requests to be answered.	Yes
ICT Audit	Finance and Resources	Websense	- The Council uses an industry standard software product (Websense) to address website filtering, monitoring, and logging requirements and a review was undertaken of the arrangements in place for ensuring implementation of the Council's Websense policies and associated governance workflows. - No significant issues were found in relation to the way Websense has been configured and it was concluded that there are sound controls in place to prevent users from	Yes

			overriding proxy settings and from directly getting out to the internet. All network users are subject to website filtering. - A number of processes/control areas that need to be strengthened in order to preserve and enhance the integrity of the Websense arrangement. This included the :- a) development of an overarching policy for the schools environment which offers definitive guidance on acceptable usage for staff and pupils. b) improvement of Internet monitoring controls to ensure the internet is being used in line with Council policies and does not pose a business productivity or information security risk to the Council. c) strengthening of change controls for Websense configuration settings to ensure that all user requests are appropriately reviewed and authorised before they are implemented by ICT.	
Regularity/ Compliance	Children's Services	Sickness Absence Monitoring	- This review focused on the application of the sickness absence monitoring procedures within Child Care Services. - The audit identified a few instances, due to the lack of evidence, where the council's Supporting Attendance at Work Policy may not have been consistently followed. It was recommended that senior management ensure that all the appropriate managers/supervisors are sufficiently trained in relation to this policy.	Yes
		Review of Internal Controls – Petty Cash Schools	- A review has been undertaken of the controls operating over petty cash expenditure across the schools estate. - The system to administer petty cash provides sufficient control when applied diligently. However, staff at some of the schools visited were uncertain of the correct processes to follow and petty cash was being used for purposes beyond	Yes

			those permitted in the Council's procedures. Staff training and use of alternative payment systems were therefore recommended to ensure the correct use of petty cash.	
		Control Risk Self Assessment (CRSA) – Nursery Schools & Pre5 Establishments School Funds	- Annually we undertake a Control Risk Self Assessment Exercise to ensure that School Funds are being operated in accordance with laid down procedures. This year the questionnaire was issued to Nursery Schools and Pre-5 Establishments. Bushes Nursery School was selected for an actual visit. - The CRSA questionnaires indicated that the majority of nursery schools/pre 5 centres are following most of the processes described in the document entitled, 'School Fund Procedures' dated August 2000. Some areas of non compliance requiring management actions were identified from the responses received, particularly regarding bank reconciliations.	Yes
Finance & Resources		Sickness Absence Monitoring	- The reporting of Absence to the Corporate Management Team and Members falls under the responsibility of the HR and Organisational Development section of Finance & Resources. - It was found that the timeliness of reports to members and the corporate management team needs to be improved upon and management agreed to rectify this.	Yes
Development and Housing		Leader Grant Certification	- In accordance with the Scottish Government's Service Level Agreement for Leader funding, Internal Audit is required to undertake an annual audit compliance review. - The internal controls relating to the application, evaluation and payments to grantees made for the LEADER programme	Yes

			are operating satisfactorily.		
Investigations	Children's Services	Primary School - Anonymous Allegations	- An anonymous letter was received, alleging financial misappropriation was taking place at a school and Internal Audit were therefore asked to investigate - There is no evidence to substantiate that any misappropriation has occurred. However, the internal control environment contained significant weaknesses, in relation to the School Fund and procurement transactions. It was the Auditor's opinion that controls were not adequate to either prevent or detect any possible misappropriation in a timely manner. Specifically, bank reconciliations, audit trail, segregation of duties and appropriate authorisation were all found to be weak. Management agreed to rectify these weaknesses.	Yes	
	Finance & Resources	Contracting Issues	- Internal Audit were alerted to the fact that Renfrewshire Council appeared not to be using one of the framework agreements put in place by Scotland Excel. It was identified that the service had sought legal advice in relation to the Scotland Excel framework agreement and its suitability in relation to the Council's requirements. - The legal advice confirmed that the framework agreement was not suitable at the point in time that the services were required. Given the urgency of the requirement to have a contract in place and the work already been completed to prepare the tender, procurement were advised to proceed with appointing a suitable contractor outwith the framework agreement. This course of action was considered to be in the Council's best interests at that time.	Yes	
		Alleged Data Protection Breach	A complaint was received by email, which alleged that a named employee had accessed a customer's Housing Benefit	N/A	

		of Clients Benefits Information	file to gain information for personal use. The investigation concluded that there was no substance to the allegations made against the named employee.	
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