

To: Audit, Risk and Scrutiny Board

On: 24 January 2022

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 October to 31 December 2021

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, Risk and Scrutiny Board.

1.2 Appendix 1 provides details those audit engagements completed during the period 01 October to 31 December 2021 with the overall assurance rating and the number of recommendations in each risk category. The committee summary for each report is also attached. For each audit assignment where recommendations have been made, the relevant managers have put action plans in place to address the issues raised.

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 and Renfrewshire Health and Social Care Integrated Joint Board;

- Co-ordination of the Council's corporate risk management activity;
 - Management of the counter fraud team;
 - Management of the risk management and insurance team.
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2. **Recommendations**

- 2.1 Members are invited to consider and note the Summary of Audit Reports finalised during the period from 01 October to 31 December 2021.
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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** – None
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
12. **COSLA Implications** – None
13. **Climate Risk** - None

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Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 01 October – 31 December 2021

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Communities & Housing	Housing Assurance Statement – Compliance Checks	Substantial	0	0	0	0
	Chief Executives	Business Support Grants	Substantial	0	0	0	0
	Environment & Infrastructure	Memorial Safety	Limited	1	0	4	0
	Finance & Resources	Payroll - Overpayments	Reasonable	0	2	1	0
		Planning & Approval of Capital Expenditure	Reasonable	0	2	0	1
Contingency	Corporate	Billing & Collection of Levies	Reasonable	1	3	3	0

Note 1 – No assurance rating can be given in respect of investigation assignments

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> There is a sound system of internal control designed to achieve the objectives of the area being reviewed. The control processes tested are being consistently applied.
Reasonable Assurance	<ul style="list-style-type: none"> The internal control processes are generally satisfactory with some areas of weakness being identified that could

	put some objectives of the area being reviewed at risk <ul style="list-style-type: none"> • There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	<ul style="list-style-type: none"> • Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. • The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	<ul style="list-style-type: none"> • Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. • Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report
Communities & Housing Services
Housing Assurance Statement – Compliance Checks
(A0116/2022/001)

Date: October 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. Communities & Housing Services (CHS) are complying with the requirements of the Annual Assurance Statement to the Scottish Housing Regulator.
2. There is sufficient evidence held by CHS to demonstrate compliance with the requirements of the Annual Assurance Statement.

Audit Scope

The following work was carried out:

1. Considered the Annual Assurance Statement to the Scottish Housing Regulator.
2. Through sample testing, ensured that appropriate evidence was held to confirm that CHS are complying with the requirements of the Annual Assurance Statement.
3. Ensured that appropriate evidence was available to support a sample of indicators and the management information outlined in the Social Housing Charter submitted to the Scottish Housing Regulator.

Key Audit Assurances

1. Satisfactory evidence was available to demonstrate that CHS are complying with the requirements of the Annual Assurance Statement.
2. For the sample of outcomes tested, satisfactory evidence was available to support the actual outturns reported in the Social Housing Charter.

Key Audit Risks

There were no key risks identified during the audit.

Overall Audit Opinion

Based on a sample check of the evidence used to demonstrate compliance, we would confirm that the Council complies with the requirements of the Housing Assurance Statement.

Internal Audit Report
Communities & Housing Services
Housing Assurance Statement – Compliance Checks
(A0116/2022/001)

Date: October 2021

Management Commentary
N/A as no key risks were identified

Internal Audit Report
Chief Executives
Business Support Grants (A0040/2022/001)

Date: October 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. There is a documented process in place for the payment of business support grants relating to Covid 19.
2. Roles and responsibilities are clear in relation to decision making, escalation and dispute resolution.
3. Grants have been paid in line with documented procedures, confirmed as eligible and all relevant documentation has been provided, or explanations recorded.
4. For rejected grant payments, confirm explanations for applications being ineligible.
5. The costs associated with grant payments are being tracked, monitored and reported on as required.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate staff and ascertained the processes in place for administering business grants.
2. Prepared and undertook a series of tests to evaluate the operation of procedures in practice.

Key Audit Assurances

1. There are documented processes in place for the payment of business grants.
2. Roles and responsibilities are clear in relation to decision making, escalation and dispute resolution.
3. For the sample of grants tested, they were paid in line with documented procedures, confirmed as eligible and all relevant documentation was provided, or explanations recorded.
4. For rejected grant payments tested, explanations for applications being ineligible were recorded.
5. The costs associated with grant payments are being tracked, monitored and reported on to senior management and the Scottish Government.

Key Audit Risks

There were no key risks identified during the audit.

Internal Audit Report
Chief Executives
Business Support Grants (A0040/2022/001)

Date: October 2021

Overall Audit Opinion
Business grant payments were made in line with documented procedures. Roles and responsibilities for decision making, escalation and dispute resolution were clear. Grant costs were monitored and appropriately reported.

Management Commentary
N/A as no key risks were identified.

Internal Audit Report

Environment & Infrastructure

Memorial Safety (A0020/2021/001)

Date: October 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. A council's memorial risk assessments site profile has been prepared, is being kept up to date and the inspection programme is on target.
2. There is adequate notification in advance of inspections with all the appropriate parties being notified.
3. Staff have been trained to undertake inspections and they have adequate procedures to follow.
4. Inspections and any action undertaken are properly and timely recorded and the council's headstone inspection database is kept up to date.
5. Unsafe memorials are properly dealt with to prevent accidents to staff working in and visitors to each cemetery for which the council is responsible and reasonable steps are taken to inform lair holders.
6. Reasonable steps are taken to inform lair holders of defective memorials on their lairs to afford them the opportunity to repair them.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate staff to understand the systems in place to implement the council's Inspection of Memorial Monuments and Headstone policy.
2. Through sample testing, evaluated the operation of the procedures in practice.

Key Audit Assurances

1. A council's memorial risk assessments profile has been prepared and is being kept up to date.
2. Inspections carried out to date and any action undertaken are properly and timely recorded and the council's inspection database is kept up to date.
3. For inspections carried out to date, unsafe memorials are properly dealt with to prevent accidents to staff working in and visitors to each cemetery for which the council is responsible. A procurement exercise to appoint a contractor to inspect larger memorials was underway at the time of the audit.
4. For inspections carried out to date, warning and advisory notices are left at the lairs on ground pointer signs to inform lair holders of defective memorials.

Internal Audit Report

Environment & Infrastructure

Memorial Safety (A0020/2021/001)

Date: October 2021

Key Audit Risks

1. At the time of the review, less than 4% of memorial inspections which Renfrewshire Council are responsible for, had been inspected, so far, and staff resources have had to be utilised in other areas, as a result of the pandemic. In the absence of a recovery plan for getting this task completed and of additional staff resources being committed there is a risk that memorial inspections will not be undertaken within an acceptable timescale.

Overall Audit Opinion

Procedures have been prepared for the inspection of memorials to ensure that unsafe memorials identified are properly dealt with to prevent accidents to staff working in and visitors to Renfrewshire's cemeteries. However, it is a major concern that at the time of the audit review only around 4% of Renfrewshire memorials have been inspected (out of an estimated total of around 30,000 cemetery and churchyard memorials). In addition, there are only 2 members of staff who were currently undertaking these inspections. In January 2020, members were informed that these inspections would be completed by March 2021. Whilst it is acknowledged that memorial inspection work was interrupted by events as a result of the COVID 19 pandemic, it is vital that plans and resources are put in place to complete this exercise as soon as possible given that the safety of staff and visitors in burial grounds is a statutory responsibility of the local authority and that the Scottish Government issued guidance to be followed in June 2019 following on from the findings of a Fatal Accident Enquiry.

Management Commentary

We are currently implementing the audit recommendations.

- Additional staff have been recruited and are now fully trained (10) with 5 members of staff on each shift carrying out these inspections.
- Initially the findings were being recorded on a paper system, however, an app-based system, using mobile devices, has been developed to reduce the time to complete records and to give accurate individual location information.
- The app-based system was operational from mid-November with all staff trained on its use.
- The number of inspections carried out to date now stands at 16%. This percentage has accelerated since mid-November and is expected to continue accelerating as staff become more experienced in carrying out the inspections and completing the records digitally. In addition, staff are currently undertaking inspection of the most complex memorials as these present the highest risk. These complex memorials take longer to inspect. Once staff move onto the lower risk areas then inspection rates will increase.

Internal Audit Report
Environment & Infrastructure
Memorial Safety (A0020/2021/001)

Date: October 2021

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Internal Audit Report

Finance & Resources

Payroll – Overpayments (A0084/2021/001)

Date: November 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. Arrangements are in place and communicated to service departments to minimise the value of employee overpayments;
2. Employees and former employees have been made aware of their responsibilities and action to be taken in relation to overpayments;
3. Overpayments, when they occur, are recorded and employees are notified timeously;
4. Reasons for overpayments are ascertained and action is taken to communicate learning to services;
5. Recovery of overpayments is in line with the Salary Adjustment Policy.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate staff to understand the system in place to undertake the payroll processes for recording and recovering overpayments to employees.
2. Prepared a series of tests to meet the above objectives.
3. Reviewed the effectiveness of the Salary Adjustment Policy launched on November 2020.

Key Audit Assurances

1. Since May 2021, each service has been supplied with a monthly report detailing the overpayments occurring in the previous period. The circumstances surrounding the overpayments are then addressed by the individual service managers with a view to minimising overpayments through service improvements or training.
2. In order to raise awareness of employee / former employee responsibilities in relation overpayments, a Salary Adjustment Policy was communicated to all employees in November 2020. In addition, Corporate Briefings have recently been issued to managers outlining their responsibilities in relation to payroll processes. Officers within Finance and Resources are continuing to develop and streamline processes which will be communicated to staff when appropriate.
3. A dedicated team has been established to facilitate recovery of overpayments. This team maintains a record of all overpayments and the circumstances leading to the overpayment. Management monitor progress made to recover overpayments on a regular basis.

Internal Audit Report

Finance & Resources

Payroll – Overpayments (A0084/2021/001)

Date: November 2021

Key Audit Risks

1. In accordance with the Salary Adjustment Policy, although recoveries are always instigated, there may be deviations from the policy in terms of repayment periods and discussions with employees who have been overpaid. Reasons for, and approval of any deviations are not documented and retained on file.

Overall Audit Opinion

Although there is a Salary Adjustment Policy in place, recovery action does not always strictly comply with the policy and the auditor has made recommendations to strengthen controls in this area. There are satisfactory arrangements in place to ensure that employees and managers are aware of their responsibilities in relation to payroll processing and salary overpayments. The introduction of monthly overpayment reports to services to inform them of employee overpayments has enabled services to address any issues that may lead to further overpayments. A dedicated team has been established to concentrate on overpayment recoveries. These actions combined with the issue of the Salary Adjustment Policy has improved the awareness of the importance of avoiding salary overpayments and the recovery of overpayments, when they have occurred has improved.

Management Commentary

The Operational Guidance is being updated to be clear that the repayment schedule stated in the policy is the starting point and to include typical reasons why the schedule may differ to what is suggested. Any variance from the repayment schedule suggested in the policy will require sign off from Management. Evidence will be saved on the rationale behind the recovery period along with the management approval.

Internal Audit Report Finance & Resources

Planning & Approval of Capital Expenditure (A0085/2021/001)

Date: November 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. Proposed capital projects are supported by robust business cases which include relevant financial and non-financial information.
2. There is evidence to verify that business cases are independently scrutinised at a sufficiently senior level.
3. Contracts are awarded only where there is sufficient capital funding available.
4. The financial implications of the contract award are fully detailed on the Board report.

Audit Scope

The following work was carried out:

1. Through discussions with appropriate staff, ascertained the systems in place for planning and approval of capital projects.
2. Prepared and carried out a programme of tests covering the areas above on a sample of five Capital Projects.

Key Audit Assurances

1. For the contracts tested, contracts were awarded only where there was sufficient capital funding available.
2. The financial implications of the contracts awarded were fully detailed on Contract Authorisation Reports to the relevant Board.

Key Audit Risks

1. Where standardised business case templates are not used, there may be a lack of evidence of a consistent approach to evaluating capital projects.
2. Where Finance Business Partners were not involved in reviewing business plans for capital projects, there may be a lack of evidence of robust challenges by finance professionals.

Overall Audit Opinion

The audit has identified that contracts were awarded only where there was sufficient capital funding available and the financial implications of the contracts awarded were fully detailed on Board reports. We have recommended that standardised business case templates

Internal Audit Report Finance & Resources

Planning & Approval of Capital Expenditure (A0085/2021/001)

Date: November 2021

should be used for all capital projects and Finance Business Partners should be more involved in reviewing and challenging assumptions during capital projects.

Management Commentary

A standardised business case template is being created and will be used for new capital project bids. This will ensure that Business Partners are included in all stages of the process and they will also receive the capital budget meeting minutes which will update them on the financial and completion progress of the capital projects.

Internal Audit Report

Corporate

Billing and Collection of Levies (C0041/2022/004)

Date: October 2021

COMMITTEE SUMMARY

Audit Objectives

The Head of Finance requested Internal Audit to undertake an independent review of the processes in operation over the billing, collection and accounting of levies undertaken by the Council on behalf of a local organisation. The objectives of the audit were to ensure that: -

1. Invoices are raised accurately and timeously to all businesses that are due to pay the levy
2. Payments made are accurately and timeously recorded against the correct invoice and there are processes in place to follow up unpaid invoices
3. Refunds are appropriately controlled and authorised prior to payment
4. Transactions are accurately and timeously recorded in the general ledger including those transactions that relate to drawdowns, and that they are appropriately authorised where necessary.
5. Reconciliation processes are reasonable and record all expected reconciling items.

Audit Scope

The following work was carried out:

1. Interviewed the relevant staff to ascertain the controls in place for billing, collection and accounting for the bid levy, assess those processes for adequacy and identify any weaknesses, making recommendations for improvement where appropriate.
2. Sample checked transactions were compliant with the controls identified.
3. Reviewed the reconciliation process.

Key Audit Assurances

1. Accurate invoices are raised in good time to businesses due to pay the levy per the information held by the council and payments made by them are coded correctly.
2. A follow-up timetable is prepared and agreed with the organisation in respect of unpaid invoices. Any deviances from the timetable are instigated by the organisation.
3. Transactions are accurately recorded in the general ledger and authorised where necessary.
4. The current reconciliation process appears reasonable and includes all expected items.

Internal Audit Report Corporate

Billing and Collection of Levies (C0041/2022/004)

Date: October 2021

Key Audit Risks

Although refunds have been suspended since December 2019, at the request of the organisation, a spreadsheet listing anticipated refunds is maintained by staff within Finance & Resources. Audit testing highlighted that there is a risk that duplicate refunds may be processed.

Overall Audit Opinion

The audit has identified that generally satisfactory arrangements are in place for the billing, collection and recording of the levy transactions. We have made recommendations mainly in respect of the refund process. Given that a number of new measures and processes have been put in place or will be imminently, coupled with these recommendations made to strengthen controls, the auditor has provided a reasonable assurance rating in relation to the areas reviewed.

Management Commentary

We are in the process of implementing the internal audit recommendations. We have strengthened the refund approval and our financial reconciliation processes. The financial information reports provided to the organisation have been enhanced and officers meet the organisation on a regular basis to resolve any issues they may have.