Renfrewshire Council

Item 4

**To:** **Audit, Scrutiny and Petitions Board**

**On:** **25 April 2016**

**Report by:** **Chief Auditor**

**Heading:** **Summary of Internal Audit Findings for Quarter to end of March 2016**

## 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 January – 31 March 2016

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 January to 31 March 2016.

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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 January– 31 March 2016**

| Category | Service | Audit Title | Main Issues | Rec's agreed |
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| **Systems Audits** | Children Services | Community Payback Orders | • A review was undertaken on the arrangements for the administration of community payback orders.<br><br>• It was found that although there was an adequate system in place for the administration of Community Payback Orders, some weaknesses were identified in terms of compliance with the National Standards, when breach proceedings had to be implemented and also with regard to the recording of information on SWIFT. Management agreed to address these issues. | Yes |
| | | Secondary School – Assessment Procedures | • The Scottish Qualification Authority (SQA) indicated that it was their intention to undertake a full systems verification visit at a High School following concerns they had regarding the internal assessment and verification of a particular course. Internal Audit were requested to undertake a validated self assessment of the arrangements in place at the school for managing systems and resources to meet the SQA's quality assurance criteria and make any necessary recommendations for improvement. | Yes |

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| | | | • The SQA's quality assurance criteria requires that all processes and procedures are extensively documented and it was ascertained that many of the expected processes were in place but were not formally documented. Consequently, a reasonable level of assurance can be provided from the work undertaken. It was the Auditor's opinion the majority of the procedures could be standardised across the authority and as a result it was agreed with Management that an authority wide quality manual should be developed. This work is currently ongoing.<br>• It should be noted that SQA Officers have since visited the school and have given positive written feedback to Management regarding the actions that are being taken. | |
| | Finance and Resources | Capital Accounting | • An audit was undertaken reviewing the arrangements in place for the accounting for capital assets. The audit identified that satisfactory arrangements were in place for the correct accounting for capital assets and no key risks were identified | N/A |
| | Community Resources | Asset Management | • At the request of management, this review focussed on the arrangements in place for the council's statutory compliance obligations, for both public buildings and housing tenanted properties. It should be noted that during the review, the responsibility for this task transferred to Community Resources. The aim of this review was to ensure that the appropriate officers were fully aware of their roles and that there is an adequate system in place to ensure that statutory reviews are carried out in line with the Councils statutory compliance obligations.<br>• It was found that the current arrangements for monitoring statutory compliance performance are fragmented and would benefit from enhanced arrangements for reporting on performance to Senior Management to allow for better | Yes |

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| | | | strategic oversight and good governance. Furthermore, the controls in place to ensure that the council can demonstrate and evidence compliance with the statutory inspection regime are currently not adequate; this is partly due to a lack of clarity regarding the roles and responsibilities of site responsible officers for undertaking the checks and retaining the evidence of those checks and the interface with the Corporate Landlord Team. To ensure that risks relating to this area of the Council's business are clearly understood and managed, it was recommended that a risk assessment of the statutory compliance responsibilities should be undertaken.<br><br>• Community Resources management agreed to coordinate the implementation of the recommendations across the appropriate services as a priority and Internal Audit will undertake some further work to ensure this has happened. | |
| **ICT Audit** | Finance and Resources | CAMIS | • The Corporate Asset Management Information System (CAMIS) is used by the Corporate Landlord section to record and manage maintenance work carried out on public buildings owned or managed by the authority. In particular the system is used to log repairs required and, through the creation of a "job ticket", allocate work internally to Building Services or externally to specialist contractors.<br><br>• The purpose of this audit was to provide assurance that the application controls are operating as designed and are effective in preventing and detecting weaknesses that could adversely impact on the operation of the system, including any identified information security weaknesses.<br><br>• Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. Some further opportunities for improvement were identified | Yes |

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| | | | relating to the housekeeping of user access and password security which management agreed to address. | |
| **Investigations** | Children's Services/Finance and Resources | Secondary School - Petty Cash | • Internal Audit was notified that a High School was unable to reconcile their petty cash imprest upon the departure of the officer responsible and therefore undertook an investigation to ascertain the circumstances and to identify any discrepancies.<br><br>• The auditor was of the opinion that there was no cash missing as, in the main, they were able to reconcile the petty cash book to the bank statement, with only minor discrepancies evident. However the examination of the records did identify some areas of non compliance with the procedures, namely poor record keeping and a lack of stringent checking on the reconciliation of the petty cash. | Yes |
| | Children's Services/Finance and Resources | Primary School – Loss of Monies | • Internal Audit was notified that on some dates in October 2015 there were differences between the receipts issued for a school trip and the monies banked at West Primary School. The total difference was £922.29. On 13 November 2015, Internal Audit was further notified that that £100 of staff monies (non council monies) was missing from a drawer in the school office.<br><br>• The cash remains unaccounted for. The control environment contained significant weaknesses which presented an opportunity for theft and management agreed to consider whether any action should be taken against the Officers involved. The evidence suggests that some monies for which receipts were issued for a school trip were not put into the desk drawer to be banked or were removed before banking. It is our opinion that the losses relating to this trip and staff monies (non council monies) are the result of theft. | Yes |

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| | Children’s Services/Finance and Resources | Primary School – Loss of Further Monies | • Internal Audit was notified that in February 2016 there was a further difference of £72 between the receipts issued for a school trip and the monies banked at West Primary School referred to above.<br><br>• An further investigation was undertaken and it was found that a staff member had not followed procedures by failing to record a receipt issued for monies received on the receipts register. The regular checks in place were not sufficient to identify that some monies received were not banked. An addendum report was issued to management to consider in conjunction with the first report | Yes |
| | Children’s Services | Secondary School – Assessment allegations | • A letter was received from the Scottish Qualifications Authority (SQA) stating that they had received information expressing concerns about assessment practice within a particular Department in a School and they asked that a detailed review of assessment practices in this Department would be undertaken.<br><br>• From the records available and discussions with staff, we have concluded that adequate processes were followed which were in accordance with SQA’s Internal Verification Guide for Centres. As such we would consider that the allegations made to the SQA are not substantiated and may potentially be vexatious. | Yes |
| | Children’s Services | Community Payback Service Allegations | • Internal Audit were informed that the service suspected that an employee was allowing service users to undertake paid work out with the Renfrewshire area and using council vehicles and council waste disposal facilities as part of this unauthorised work. The Officer involved admitted to undertaking unauthorised work out with the Renfrewshire area, and using the Renfrewshire Council’s vehicle and waste disposal facilities to dispose of materials. He also admitted | Yes |

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| | | | involving all client groups in these activities. The Employee resigned shortly after the interview.<br><br>• The risks attached to working with these clients groups, warrants close scrutiny to all procedures and activities. However it was found that the procedures in place did not provide adequate assurance that the activities were being closely monitored by Community Payback Service management. Furthermore, internal control procedures were not sufficiently robust to adequately prevent or detect misuse of Council resources. At the time of this investigation, Management were undertaking a review of this service and agreed to incorporate internal audit's recommended actions into this review. | |