

To: Audit, Risk and Scrutiny Board

On: 21 January 2019

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 October to 31 December 2018

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 2018 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.
-

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 2018.
-

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
-

Author: Karen Campbell – 01416187016

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 01 October – 30 December 2018

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Finance & Resources	Software Licensing	Limited	7	2	0	0
	Finance & Resources/HCSP	Client charges – Financial Accounting Arrangements	Substantial	0	1	3	1
	Chief Executives	External Funding Applications – Leader Programme	Substantial	N/A	N/A	N/A	N/A
	Communities, Housing & Planning	Homelessness Procedures	Substantial	N/A	N/A	N/A	N/A
Governance	Corporate	Performance Indicators	Reasonable	0	3	2	0
	Children's Services	Educational Establishments – Information Security	Reasonable	0	1	2	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 • 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

Finance & Resources

Software Licensing (A0075/2018/001)

A0075/2018/001

Date: October 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit were to ensure the following:

- 1 An appropriate policy is in place covering the use of software and all users are aware of their responsibilities in relation to the policy.
- 2 The procurement of software licenses is adequately controlled and restricted to authorised personnel.
- 3 The installation of software is adequately controlled and restricted to authorised personnel. Adequate records of all installed software are maintained.
- 4 Only licensed software is installed.

Audit Scope

The scope of the audit was to ensure that there are sufficient and appropriate controls in place for the management of software assets. The scope included a review of:-

- 1 Software asset management policies and procedures
- 2 Staff training and awareness
- 3 Management of the software asset register, including the adding, amending and removal of software.
- 4 Use of software asset management tools
- 5 Monitoring processes

Key Audit Assurances

The acceptable use policy is readily available to staff and provides guidance on the requirements to be followed for software installation.

Key Risks

1. Due to the lack of software management procedures and staff training, there is a risk that staff involved in the management of software are unequipped to do so, which could lead the Council to be in breach of software licensing agreements and software licensing law which, under the Copyright, Designs and Patents Act 1988, could result in a fine.
2. There is currently an incomplete view of software installed on the estate, resulting in an increased risk of non-compliance with the agreed software licence terms and licensing law.
3. As there was no clear audit trail of software install requests, there is a risk that software has been installed on devices which has not been formally approved.
4. There is a risk that staff with powerful account privileges install software, when it is not part of their role to do so.

Internal Audit Report

Finance & Resources

Software Licensing (A0075/2018/001)

A0075/2018/001

Date: October 2018

- | |
|--|
| <ol style="list-style-type: none">5. There is a risk of unauthorised access to, and potential mismanagement of the software asset register and associated documents.6. There is a risk of malicious attacks or electronic data loss if unsupported software is not routinely patched for vulnerabilities. |
|--|

Overall Audit Opinion

It is acknowledged that a project is currently underway which aims to transform the way that software is managed through the creation of new processes, organisation of Proof Of Entitlements to use Software and managing compliance with software licence terms. However, based on the work carried out only a limited level of assurance can be placed upon the control environment at the time of the audit review. Weaknesses in the system of internal controls and the levels of non-compliance found puts the objectives of the area being reviewed at risk.

Management Commentary

Management were aware that the current software tool, which managed both the licences and deployment of software, was not fit for purpose and the service has commenced a project to transform the whole software management process. However, on receipt of the report, management implemented those recommendations which could be addressed immediately and are actively progressing the remainder.

Internal Audit Report

FAR/HSCP

Client Charges - Financial Accounting Arrangements (A0094/2018/002)

Date: December 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of the review were to ensure that:

1. Roles and responsibilities are clear throughout the end to end process;
2. Decision making points are clear, understandable and efficient;
3. The work flow is efficient and effective;
4. Authorisation points are clear and not excessive;
5. There are clear pathways for escalation and communication between service areas to resolve disputes timeously;

Audit Scope

1. Interviewed the appropriate officers to ascertain the end to end processes for residential care charging and payments, including the financial accounting arrangements ensuring that the above objectives are met.
2. Following walkthroughs of the processes, prepared a work flow diagram highlighting any areas to be considered for improvement.
3. Obtained management information regarding clients placed in residential care and reviewed the timescales taken to process the financial information.

Key Audit Assurances

Within the current process for residential care charging and payments:

1. Roles, responsibilities and authorisation points are clear
2. Decision making points are clear and efficient
3. There are clear pathways for escalation and communication between service areas in order to resolve disputes
4. The charging & payments process to gather

Key Risks

There is a risk that payments may continue following client changes as there are no arrangements in place to follow up non responses from Providers to confirm that payments are correct.

Overall Audit Opinion

In general, the arrangements in place for residential care charging and payments are satisfactory and have greatly improved in recent months. The audit has identified that the staff time taken to process the ISP payment run may be excessive and that lack of confirmation from providers that payments made are correct is not always followed up. Recommendations have been made to improve this.

Internal Audit Report

FAR/HSCP

Client Charges - Financial Accounting Arrangements (A0094/2018/002)

Date: December 2018

Management Commentary
Processes have been put in place to improve the efficient processing of the ISP payment run. Quality control procedures have been put in place to ensure that client charges are reflected accurately in SWIFT and non-return of provider summary sheets will be followed up regularly.

Internal Audit Report

Chief Executive's

External Funding Applications – LEADER Programme (A0036/2019/001)

A0036/2019/001

Date: October 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. There is an adequate system in place which complies with EC guidance in terms of monitoring and control of the grants and payments of awards.
2. Applications are assessed for eligibility and value for money (reasonableness of costs and procurement).
3. There are appropriate arrangements in place to assess the progress of projects and that the outcomes are consistent with those objectives specified at the outset.
4. Grant awards are properly approved and payments made are in line with the amount awarded.
5. There is appropriate separation of duties across the processing and payment of grant claims.
6. There are appropriate supervisory controls in place to monitor the quality of processing claims and that evidence exists to support this.
7. The necessary financial information is provided to the SGRPID in a timely fashion to support draw down of grant.
8. The agreed performance targets are being met.

Audit Scope

1. Interviewed the appropriate officers to ascertain the arrangements in place to facilitate the award, control and monitoring of claims processing.
2. Selected a sample of 2 projects and carried out a series of tests to assess the adequacy of the controls in place across the grant process.

Key Audit Assurances

1. For the sample of projects tested, there is an adequate system in place which complies with EC guidance in terms of monitoring and control of the grants and payments of awards.
2. Applications are assessed for eligibility and value for money.
3. There are appropriate arrangements in place to assess the progress of projects and the outcomes are consistent with those objectives specified at the outset.
4. Grant awards are properly approved and payments made are in line with the amount awarded.
5. There is appropriate separation of duties across the processing and payment of grant claims.
6. There are appropriate supervisory controls in place to monitor the quality of processing claims and that evidence exists to support this.
7. The necessary financial information is provided to the SGRPID in a timely fashion to support draw down of grant.
8. The agreed performance targets are being met.

Internal Audit Report

Chief Executive's

External Funding Applications – LEADER Programme (A0036/2019/001)

A0036/2019/001

Date: October 2018

Key Risks
There were no key risks identified during the audit.

Overall Audit Opinion
The audit has identified that satisfactory arrangements are in place for managing the External Funding Applications through the LEADER Programme system. As a result, there were no audit findings.

Internal Audit Report

Communities, Housing & Planning Services

Homeless Services- Homeless Procedures (A0044/2019/001)

A0044/2019/001

Date: December 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. Adequate policies and procedures are in place to identify statutory homelessness and non-statutory homelessness
2. Homelessness applications are processed appropriately and timely in relation to the homelessness category;
3. Applicant circumstances are confirmed within a reasonable time scale;
4. Appropriate action is taken to provide settled accommodation;
5. Arrangements for prevention of homelessness are in place and align with national guidance.

Audit Scope

1. Interviewed the appropriate staff, evaluated the arrangements for prevention of homelessness and identified any possible improvements to the system.
2. Assessed the council's homeless prevention arrangements in line with good practice.

Key Audit Assurances

1. There are adequate policies and procedures in place to identify statutory homelessness and non-statutory homelessness;
2. Homeless applications are processed appropriately and timely in relation to the homelessness category;
3. Applicant circumstances are confirmed within a reasonable time scale;
4. Appropriate action is taken to provide settled accommodation;
5. Arrangements for prevention of homelessness are in place and align with national guidance.

Key Risks

There were no key risks identified during the audit.

Overall Audit Opinion

The audit has identified that satisfactory arrangements are in place for processing homeless applications and taking actions to prevent homelessness. As a result, there were no audit findings identified during this review.

Internal Audit Report
All Services
Corporate Governance Framework – Performance Indicators
(B0007/2019/001)



B0007/2019/001

Date: December 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. There were adequate systems in place to collate, review, monitor and report the selected Performance Indicators (PI) from the Council Plan Scorecard Plus and Local Government Benchmarking Framework (LGBF);
2. The reported PIs were accurate;
3. There were processes in place to review any major variations and that the appropriate action was taken on any adverse results.

The sample of PI's selected was as follows:

- CHS/LGBF/31 - % of children meeting developmental milestones (between 27 - 30 months old)
- LGBF/ECON5 – Number of business gateway start ups per 10,000 population
- CE/SIP 17/EV05 – Opportunity to see or hear something positive about Paisley and Renfrewshire
- CR/PP/06c – Number of recorded attendances at Street Stuff activities

Audit Scope

1. Checked that a Departmental co-ordinator was in place and that a Procedural Manual had been prepared for each of the selected indicators and evaluated for adequacy.
3. Checked that a system was in place to collate, monitor, review and report the required performance information for each indicator selected and evaluated for adequacy.
4. Checked that there was evidence held that the PI has been checked for accuracy by an officer independent of the preparing officer.
5. Verified the accuracy of the PI to back up information and checked that any major variations were reviewed and action was being taken on any selected PI which has not met the target.
7. Checked that there was adequate management oversight over the selected PIs.

Key Audit Assurances

1. There was a departmental coordinator for each of the PI's tested.
2. Procedure manuals were prepared for the majority of the PI's tested.

Key Risks

Performance information may not be accurate as insufficient back up information is retained to verify the information submitted and checks to confirm accuracy are not always undertaken.

Overall Audit Opinion

The processes in place for the preparation for the PI's chosen for review were reasonable although issues were identified in verifying the accuracy of some of the selected PI's to source data and there was no evidence that all the PIs were checked by an independent officer. Recommendations have been made to improve the arrangements for recording the PI's selected for testing.

Internal Audit Report
All Services
Corporate Governance Framework – Performance Indicators
(B0007/2019/001)



B0007/2019/001

Date: December 2018

Management Commentary
The recommendations are being actively addressed. The audit findings were also discussed at the last performance managers meeting and all service representatives were asked to check that there were satisfactory procedures in place within their services.

Internal Audit Report

Children's Services

Educational Establishments Information Security (B0010/2019/002)

B0010/2019/001

Date: December 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that staff and pupil information:

1. Is protected from unauthorised use and is securely stored when not in use;
2. Is archived in line with the council's Records Management Policy;
3. Procedures are in place to identify data breaches and report them to the council's Data Protection Officer.

Audit Scope

1. Ascertained the information that schools hold, how sensitive the information is and how it is stored.
2. Selected a sample of 4 schools and discussed with appropriate staff the arrangements in place to demonstrate compliance with information security good practice.
3. Reviewed the evidence to support compliance and identify any possible improvements.
4. School records that relate to the period before 17 December 2014 have not been destroyed and are required to be retained for the Scottish Historic Child Abuse Inquiry. Schools currently have an unlimited retention period and so the auditors did not test retention periods for school records in line with council retention periods.

Key Audit Assurances

1. The paper records of staff and pupil information tested at the schools visited were generally protected from unauthorised use and securely stored when not in use.
2. Staff demonstrated good awareness of procedures in relation to reporting data breaches, where necessary.

Key Risks

Where schools use external web hosts for their websites, there is a potential risk of data breaches of pupil and staff information, as the security in relation to these websites is unknown and have not been tested by council ICT staff.

Overall Audit Opinion

The audit review provided reasonable assurance over arrangements in place for the security of information at schools. Management need to evaluate the risks and decide on the appropriateness of the use of externally hosted websites in consultation with IT Services.

Management Commentary

Management will liaise with the council's Cyber Security Architect to have the risks evaluated from schools using external web hosts for their websites.