

To: Audit, Risk and Scrutiny Board

On: 23 January 2023

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 October to 31 December 2022

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 1 October to 31 December 2022 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 Internal Audit Reports finalised during the period from 1 October to 31 December 2022.
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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

Author: Karen Campbell – 07768354651

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 1 October – 31 December 2022

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Finance & Resources	Non Domestic Rates	Reasonable	0	2	4	1
	Environment & Infrastructure	Driver & Vehicle Checks	Limited	0	7	2	0
	Communities & Housing	Housing Assurance Statement – compliance Checks	Substantial	0	0	0	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

Non Domestic Rates (A0082/2022/001)

Date: October 2022

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. There is an adequate system in place to ensure the calculation and payment of Non Domestic Rates.
2. All exemptions and discounts have been properly applied.
3. All Non Domestic Rates income due is properly accounted for and recorded.
4. All accounts have been issued in line with statutory timescales.
5. All income due to East Renfrewshire Council has been remitted to their bank account.
6. Outstanding debt at the year-end is being appropriately managed.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate officers to ascertain the system in place in relation to billing, collecting and monitoring of Non Domestic Rates income and identified any areas for improvement.
2. Undertook a series of tests to ensure the system was adequate and operating as intended.
3. Prepared a certificate for East Renfrewshire Council based on the outcome of the audit.

Key Audit Assurances

1. There is an adequate system in place for the calculation and payment of Non Domestic Rates.
2. Demand notices are issued according to statutory timescales.
3. All income due to East Renfrewshire Council has been remitted to their bank account.
4. Procedures are now back in place to follow up outstanding debts after this was temporarily ceased during the Covid pandemic.

Key Audit Risks

1. If reviews of reliefs granted are not carried out as often as agreed, there is a risk that some reliefs may be incorrect
2. When backup information for reliefs cannot be traced, the reason for the reliefs may not be clear.

Internal Audit Report Finance & Resources

Non Domestic Rates (A0082/2022/001)

Date: October 2022

Overall Audit Opinion

All Non Domestic Rates processes are back to normal after the Covid pandemic. The audit identified that satisfactory controls are in place for the billing and collection of these rates. However, evidence of some rates relief applications were not available. Also, reviews of Non Domestic Rates reliefs were not being carried out, as a result of other priorities during the pandemic, but are planned to recommence. Recommendations were made to address the areas of weakness identified and, if implemented, will help strengthen the controls in place within the system.

Management Commentary

There is a planned schedule of rolling relief reviews to be undertaken, this has commenced and now is actioned by a designated Reviews Team. All the other recommendations have been implemented including amending processes to ensure that appropriate supporting documentation can be easily traced.

Internal Audit Report

Environment & Infrastructure

Driver & Vehicle Checks (A0025/2021/001)

Date: October 2022

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. There are clear lines of management, with defined roles and responsibilities and documented procedures, for the control and safe use of fleet vehicles.
2. There is an accurate inventory of all fleet vehicles and the process for logging the allocation and return of vehicles to individuals is adequate and being applied consistently.
3. The process for ensuring that relevant first use vehicle checks are undertaken and recorded appropriately.
4. Key holding arrangements for vehicles are adequate.
5. Vehicle tracking is undertaken on all vehicles and that it is known at any point in time which officer is using which vehicle.
6. All fleet vehicle drivers are subject to appropriate driving licence checks.
7. There are adequate arrangements in place for the storage and parking of vehicles when not in use.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate staff in a sample of services that use fleet vehicles to ascertain the processes and controls in place relating to the above objectives.
2. Prepared and undertook a series of tests to confirm the adequacy and effectiveness of the controls identified.

Key Audit Assurances

1. There are clear lines of management, with defined roles and responsibilities for the control and safe use of fleet vehicles.
2. The Fleetmaster system provides an accurate inventory of all fleet vehicles.
3. Key holding arrangements for vehicles are adequate.

Key Audit Risks

1. The records for logging the allocation and return of vehicles to individuals were insufficient as a number of errors and omissions were identified.
2. Examination of the records relating to vehicle safety checks revealed that the necessary checks had not been carried out and there was inadequate monitoring in place.

Internal Audit Report

Environment & Infrastructure

Driver & Vehicle Checks (A0025/2021/001)

Date: October 2022

3. The arrangements in place for the storage and parking of vehicles at the Council premises when not in use was found to be inadequate and potentially unsafe.

Overall Audit Opinion

The current processes being carried out in relation to driver and vehicle checks falls short in several areas, particularly in relation to procedures, record keeping and certain safety arrangements. A provision of limited assurance has been made in relation to the area under review and the auditor made recommendations to address these issues.

Management Commentary

We have now implemented the majority of audit recommendations and controls have now been strengthened. This includes having regular compliance meetings with all services who use fleet vehicles. A project has also been undertaken, controlled by senior management to enhance parking bay allocation and safety at the depot.

Fleet services will work with all service users to reinforce the protocol for first use vehicles checks and how this is reported, including Nil defects. This information will be stored accordingly, and audit checks will be carried out by fleet compliance team to ensure consistency.

Internal Audit Report
Communities & Housing Services
Housing Assurance Statement - Compliance Checks
(A0116/2023/001)

Date: October 2022

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. The Council is complying with the requirements of the Annual Assurance Statement to the Scottish Housing Regulator.
2. There is sufficient evidence held 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 and through sample testing, ensured that appropriate evidence was held to confirm that the Council are complying with the requirements of the Annual Assurance Statement.
2. Ensured that appropriate evidence was available to support a sample of indicators and 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 the Council is complying with the requirements of the Annual Assurance Statement.
2. For the sample of indicators 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
(A0116/2023/001)

Date: October 2022

Management Commentary
N/A as no key risks identified.