Renfrewshire Council

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

On: **13 February 2017**

Report by: **Chief Auditor**

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

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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 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 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 Findings reported during the quarter from 1 October to 31 December 2016.

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 2016

Category	Service	Audit Title	Main Issues	Rec's agreed
Assurance Audits	Corporate	Review of Performance indicators	• In consultation with Audit Scotland, it was agreed that Internal Audit would be responsible for checking the accuracy of a sample of Performance Indicators (PI's) from the Council Plan Scorecard PLUS at the end of March 2016. The sample selected was as follows: a) Percentage of rent loss due to voids b) Average length of time taken to re-let properties in the last year. • It was the auditor's opinion that the PI's recorded were satisfactory given the information available at the time of audit. However there were inconsistencies in the interpretation of the way the data was to be recorded between the two indicators and management agreed to ensure that a consistent approach was implemented.	Yes
	Development & Housing	Leader Programme	• In accordance with the Scottish Government's Service Level Agreement for Leader funding, Internal Audit is required to undertake an annual audit compliance review. Following discussions with the Service, it was identified that no grant	Yes

			applications had been processed due to the implementation of a new LEADER Programme in December 2015 and therefore this audit focussed on ensuring that employee cost claims submitted in this period were correct and timely. • As a result of changes in the Council's systems, resulting in delays in obtaining the required supporting evidence, claims have been delayed and it was unclear whether this would affect the eligibility of the employee costs and transitional cost claims. Management agreed to confirm with the Scottish Government that the delayed claims were fully eligible.	
	Children's Services	Business Continuity in Schools	• A review was undertaken of the business continuity arrangements in schools. Four schools were selected for audit testing. • Whilst it was found that there was an adequate system in place for business continuity in schools, the audit did identify some areas for improvement such as completion of one school's Business Continuity Plan, fully updating specimen Business Impact Analyses and undertaking test events to ensure Business Continuity Plans would operate as intended if the need arose.	Yes
	Finance and Resources	Financial Compliance	• In agreement with Audit Scotland, a review was undertaken of the authorisation process for financial transactions to ensure that systems in place were operating effectively. • In the main, the controls currently in place adequately ensure that transactions are appropriately authorised. The audit though did identify some specific areas within the process, such as Customer and Business Services officers certifying payments for other services and a small number of officers certifying transactions that they were not authorised for, which	Yes

			increases the risk of inappropriate spend. Management agreed to implement the recommendations made to enhance the control environment.	
		Deployment of ICT Assets	• A review of the process to request and deploy ICT assets to new employees was undertaken to ensure it is efficient and effective. • This review did identify some issues in terms of the information that is accessible to managers in terms of the new start process and the lack of performance monitoring to provide management information on the deployment of ICT assets, which would enable any required follow up action to be taken more timeously. • Sample testing also indicated that users, for various reasons, are often not being set up on the identity management system prior to or on their start date, which delays access to the required ICT systems and the network.	Yes
Investigations	Community Resources/Development & Housing	Vehicle Maintenance Allegations	• Internal Audit was informed of an allegation in relation to repairs being carried out on a privately owned vehicle belonging to an employee, by a member of staff at Council premises. • This review did identify an instance of non compliance with the established arrangements in place and an area of weakness in terms of official guidance. A recommendation has been made in terms of issuing definitive guidance to employees which will ensure that there is no dubiety surrounding the arrangements in place. Management also agreed to take the appropriate action regarding the employees involved.	Yes

	Community Resources/ Development & Housing	Missing Materials/ Equipment Allegations	• An investigation was undertaken after an allegation was made by management surrounding unaccounted for materials and a missing plant item, in relation to a Council Employee. • We were unable to confirm the whereabouts of the unaccounted for materials and item of plant and the evidence suggests that these had been misappropriated by a named employee. However, no declaration of this nature was made. • This review did identify some areas of weaknesses and non compliance with the established procedures in place. Recommendations were therefore made in order to ensure the robustness of the internal control environment and mitigate against the risk of misappropriation. • Disciplinary action has been taken by management.	Yes