

To: Audit, Risk and Scrutiny Board

On: 28 May 2019

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 January to 30 April 2019

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 January to 30 April 2019 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 January to 30 April 2019.
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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
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Author: Karen Campbell – 01416187016

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 01 January – 31 March 2019

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Communities, Housing & Planning	Trading Standards	Reasonable	0	0	4	2
	Finance & Resources	Energy Management	Reasonable	0	1	3	1
Governance	Chief Executives	Performance Measurement Framework – City Deal	Substantial	0	0	1	0
	Corporate	Risk Management	Substantial	0	0	1	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.

	<ul style="list-style-type: none"> • 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 and Planning Services

Trading Standards (A0026/2019/001)

Date: March 2019

COMMITTEE SUMMARY

Audit Objectives

Trading Standards cover a wide variety of statutory functions and discretionary services including weights & measures, product safety, product descriptions, fair trading, consumer advice, Trusted Trader scheme and awareness raising through talks and presentations. The objectives of the audit were to ensure that:

1. Consumer and business complaints are investigated where appropriate and dealt with timeously;
2. Adequate enforcement arrangements are in place which meet statutory obligations;
3. Adequate performance management information is available to Senior Management and is appropriately reported.

Audit Scope

1. Interviewed the appropriate officers to establish the current systems in place and to ascertain relevant legislation.
2. Selected a sample of projects that Trading Standards had participated in within financial year 2017/18 to ascertain that enforcement arrangements were in line with statutory obligations.
3. Identified areas where performance is measured and assessed for adequacy while also ensuring that reported information is accurate.

Key Audit Assurances

Consumer and business complaints are investigated where appropriate and dealt with timeously.

Key Risks

There were no key risks identified during the audit.

Overall Audit Opinion

The Audit identified that whilst there are processes in place covering the actions taken by Trading Standards in terms of complaints and trader advice, records maintained to evidence work in these areas could be improved upon. In addition, the arrangements for the preparation of Performance Indicators may benefit from a review. Recommendations have been made within this report to improve these areas and based on this the auditor has made a provision of reasonable assurance.

Internal Audit Report

Communities, Housing and Planning Services

Trading Standards (A0026/2019/001)

Date: March 2019

Management Commentary
A modern suite of indicators for Trading Standards will be considered, in partnership with the Society of Chief Officers of Trading Standards in Scotland (SCOTSS).

Internal Audit Report

Finance and Resources

Energy Management (A0049/2019/001)

Date: January 2019

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. There are clearly defined and understood roles and responsibilities for energy management, at a corporate and service level;
2. There are adequate and up to date policies and procedures in place which are readily available to those who need them;
3. There is regular engagement with other service areas to ensure compliance with procedures;
4. There are regular review mechanisms in place to monitor energy consumption;
5. There are adequate arrangements in place for reporting significant deviations from expected energy consumption and these are adequately followed up;
6. Performance monitoring and reporting arrangements are appropriate.

Audit Scope

1. Interviewed the appropriate staff, evaluated the arrangements for energy management and identified any possible improvements to the system. Energy management staff administer Electricity, Gas, Oil and Water and so these were considered in scope for this audit.
2. Assessed the council's energy management arrangements in line with the governance arrangements set out in the council's Carbon Management Plan 2014/15 to 2019/20 and updates to the Plan reported to the Infrastructure, Land and Environment Policy Board.

Key Audit Assurances

1. There are clear roles and responsibilities for energy management, at a corporate and service level;
2. There are adequate procedures in place for converting consumption information from energy suppliers into a format for further checks;
3. There is regular engagement with building managers in each service to discuss energy consumption;
4. There are regular review mechanisms in place to monitor energy consumption with building managers.

Key Risks

Where there is a lack of evidence for calculations of reductions in energy consumption, the extent of reductions cannot be verified.

Internal Audit Report

Finance and Resources

Energy Management (A0049/2019/001)

Date: January 2019

Overall Audit Opinion
The processes in place for energy management were reasonable although issues were identified with retaining evidence for calculations of reductions in energy consumption. There should be consistency between the information used to calculate baseline figures and actual consumption figures when measuring changes in energy consumption.

Management Commentary
Management have taken steps to ensure that data is consistent and comparable and retained appropriately.

Internal Audit Report

Chief Executives

Performance Management Framework – City Deal (B0011/2019/001)

Date: March 2019

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. Project Status Reports and Member Authority Status Reports are reviewed and approved by Renfrewshire Council City Deal Programme Board or by a senior Renfrewshire Council officer;
2. Member Authority Status Reports are submitted to the Project Management Office (PMO) in line with agreed timescales;
3. Reasons for deviations from agreed project tolerances are explained;
4. Change Control documents are completed when required and approved by the PMO;
5. Realisation of Benefits are reported on a regular basis.

Audit Scope

1. Interviewed the appropriate staff, evaluated the performance management arrangements for City Deal in Renfrewshire and identified any possible improvements to the system.
2. Assessed Renfrewshire's City Deal performance management arrangements in line with the City Deal assurance framework.

Key Audit Assurances

1. Project Status Reports and Member Authority Status Reports are reviewed by the City Deal Programme Director.
2. Member Authority Status Reports are submitted to the Project Management Office (PMO) in line with agreed timescales.
3. Change Control Forms are completed when required and changes are approved by the PMO.
4. Realisation of Benefits are at an early stage. There are mechanisms in place to report them.

Key Risks

There were no key risks identified during the audit.

Overall Audit Opinion

The audit has identified that satisfactory performance management arrangements are in place for City Deal in Renfrewshire. We have recommended that City Deal management should continue to seek clarification as to tolerance levels for reporting to the PMO for Renfrewshire projects.

Internal Audit Report

Chief Executives

Performance Management Framework – City Deal (B0011/2019/001)

Date: March 2019

Management Commentary
Tolerance levels for project reporting will have been established in the approved Project Initiation Documents (PIDs) for each project and these are now being reported to the PMO, as requested by the PMO, moving forward in the quarterly Member Authority Status Report.

Internal Audit Report

CORPORATE

RISK MANAGEMENT (B0012/2019/001)

Date: March 2019

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that the following are in place and operating effectively:

1. An appropriate Risk Management policy which clearly sets out roles and responsibilities and the Council's risk appetite and is supported by comprehensive procedures;
2. Arrangements for identifying risks;
3. Arrangements for ensuring that Risk Management is linked to the business planning process;
4. Arrangements for documenting risks on a risk register;
5. Risk prioritisation and scoring methodology;
6. Risk mitigation/treatment;
7. Arrangements for escalating risks, if necessary;
8. Reviewing, monitoring and reporting arrangements; and
9. Assurance providing activities.

Audit Scope

1. Assessed the Council's risk management processes in order to provide an opinion on the risk management framework in place compared to recommended best practice.
2. Reviewed the arrangements for identifying risks and ensuring risk management is linked to the business planning process.
3. Reviewed the arrangements for recording Strategic, Corporate and Service level risks and for prioritising these risks.
4. Reviewed risk mitigation/ treatment actions.
5. Reviewed the arrangements for reviewing, monitoring and reporting on risks.
6. Reviewed the arrangements for obtaining assurance that risks are being effectively mitigated/treated.

Key Audit Assurances

1. The Council's Risk Management framework is clearly set out within the document "Risk Matters".
2. Roles and responsibilities in relation to risk management are clearly defined with adequate oversight by the Audit, Risk and Scrutiny Board, regular monitoring of risks by the Corporate Risk Management Group and regular input to the risk management process by the Risk Management Alliance.
3. Appropriate risk management training has been provided to relevant staff
4. Appropriate arrangements are in place for the identification of risks and risks are fully documented along with control measures and linked actions on Strategic, Corporate and Service Level Risk Registers. In addition, there is a clear correlation between the risks and the Council Plan outcomes and priorities, with the risks being

Internal Audit Report

CORPORATE

RISK MANAGEMENT (B0012/2019/001)

Date: March 2019

appropriately prioritised according to their residual risk score which is based on the probability of the risks occurring and their impact.

5. Risks are regularly reviewed and reported upon at various levels and any improvements required to the processes of managing risk are set out within the Strategic Risk Management Development Plan. Additionally, key performance indicators have been established in relation to risk management against which performance is regularly monitored by the Corporate Risk Management Group.
6. Risk management was found to be well embedded throughout the Council's service areas and operations.

Key Risks

There were no key risks identified during the audit.

Overall Audit Opinion

Overall, the Council has established a robust and effective framework for the management of risk. An effective governance structure is in place to manage the Council's risk profile with regular monitoring and review. In addition, the Risk Manager effectively co-ordinates risk management activities throughout the Council. Risks and their corresponding control measures have been comprehensively documented within Strategic, Corporate and Service level risk registers and there is an appropriate scoring methodology in place to assess and prioritise the risks. The only area identified for improvement related to obtaining assurance that control measures in place are effectively mitigating/treating the risks.

Management Commentary

In this year's risk report to Board, the risks are being presented with a renewed focus, showing imminent, longer-term and business as usual risks. For all business as usual risks, information is being provided to elected members on sources of assurance for each individual risk.