

To: Audit, Risk and Scrutiny Board

On: 22 January 2024

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 October to 31 December 2023

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 2023 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 OneRen 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 2023.
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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

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Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 1 October – 31 December 2023

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Finance and Resources	Variations of Pay	Reasonable	0	2	1	0
	Chief Executives	Planning Processes	Reasonable	0	2	1	0
	Environment, Housing & Infrastructure	Housing Assurance Statement	Substantial	0	0	0	0
		Roads, Labour and Plant Contract	Limited	2	3	0	0
Governance	Chief Executives	Performance Management	Reasonable	0	0	3	0

Note – 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
Payroll Overpayments (A0031/2023/001)

Date: October 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the review were to ascertain the main reasons for overpayments occurring and ensure that;

1. The payroll processes in place to pay employees accurately are adequate and well communicated to services to minimise the amount of overpayments occurring;
2. Overpayments arising, are recorded and employees are notified timeously;
3. Overpayment reports are regularly sent to senior management and regularly reviewed;
4. Reasons for overpayments are ascertained by service management and action is taken to strengthen controls where required;
5. Employees and former employees have been made aware of their responsibilities and action to be taken in relation to overpayments.

Audit Scope

1. Interviewed the appropriate staff to understand the systems in place to enable employees to be paid accurately and minimise the amount of overpayments occurring.
2. Prepared a series of tests to meet the above objectives.

Key Audit Assurances

1. The value of payroll overpayments has decreased in recent years although the number of overpayments has remained relatively static.
2. Payroll overpayments are being identified and acted upon by Business Services employees more quickly than in previous years.
3. The Salary Adjustment Policy provides clear guidance as to the responsibilities and actions to be taken in relation to recovery of payroll overpayments for employees and former employees.

Key Audit Risks

1. The risk of avoidable overpayment is increased where clear and accessible guidance is not made available to services managers to inform them of the correct procedures and the required payroll deadlines.
2. Where employees are not informed timeously about payroll overpayments, it can make them more difficult to recover and there may be reputational damage to the council.

Internal Audit Report
Finance & Resources
Payroll Overpayments (A0031/2023/001)

Date: October 2023

Overall Audit Opinion

Improvements in processes and increased awareness over recent years has resulted in the value of overpayments being significantly reduced. By far, the main reason for overpayments occurring is late notification of changes by managers within the employing service. The auditor has recommended that clear and accessible guidance should be made available to service management, along with regular communications to ensure that newer managers are aware of the deadlines and where they can access relevant guidance.

Management Commentary

To ensure we receive notification of permanent payroll changes as quickly as possible, we are on the process of streamlining our leavers and flexible working request forms onto the Business World system and on completion, the process to be followed will be communicated to Managers. A monitoring process for the recovery of overpayments has now been put in place.

Internal Audit Report
Chief Executive
Planning Processes (A0053/2023/001)

Date: October 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

- 1 Adequate documented procedures are in place for administering planning applications and building warrants and these are available to all relevant officers;
- 2 All applications received are recorded, processed in accordance with procedures and timescales and records are accurately updated;
- 3 All appeals received are recorded, processed in accordance with procedures and timescales and records are accurately updated;
- 4 Fees charged for planning applications and building warrants are correctly applied and paid;
- 5 Performance indicators are monitored and reported to management.

Audit Scope

- 1 Interviewed the appropriate staff to ascertain the processes and controls in place for administering planning applications and building warrants and assessed them for adequacy.
- 2 Prepared and undertook a series of tests based on sampling to confirm the adequacy and effectiveness of the controls identified.

Key Audit Assurances

- 1 Adequate documented procedures from the Scottish Government are in place for administering planning applications and building warrants and these are available to all relevant officers.
- 2 All building warrants and planning applications tested were recorded, processed in accordance with procedures and records were accurately updated.
- 3 All appeals received tested were recorded and processed in accordance with procedures and timescales.
- 4 Fees charged for building warrants and planning applications tested and were correctly applied and paid.
- 5 Performance indicators are monitored and reported to management.

Key Audit Risks

Where building warrants and planning applications take longer than expected to complete, this can result in delays and potentially additional costs for clients.

Internal Audit Report
Chief Executive
Planning Processes (A0053/2023/001)

Date: October 2023

Overall Audit Opinion

The audit identified that a satisfactory system is in place for administering building warrants and planning applications. However, the timescales for completing both building warrants and planning applications are regularly substantially longer than targets, which can result in delays and potentially additional costs for clients undertaking building projects.

Management Commentary

Staff retention and recruitment in this field is challenging and vacancies are being carried for longer than intended. These staff resource pressures are having an effect on the speed of the decision-making process. Alternative resource options and service process improvements are being explored and implemented by management where possible , including our “grow our own” training scheme.

Internal Audit Report
Environment, Housing & Infrastructure
Housing Assurance Statement (A0116/2024/001)

Date: October 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were as follows:

1. Environment, Housing and Infrastructure are complying with the requirements of the Annual Assurance Statement to the Scottish Housing Regulator.
2. There is sufficient evidence held by the Service to demonstrate compliance with the requirements of the Annual Assurance Statement.

Audit Scope

1. Reviewed the Annual Assurance Statement to the Scottish Housing Regulator and through sample testing, ensured that appropriate evidence was held to confirm that Environment, Housing and Infrastructure 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 Environment, Housing & Infrastructure are complying with the requirements of the Annual Assurance Statement.
2. For the sample of outcomes 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.

Management Commentary

N/A as no key risks were identified.

Internal Audit Report
Environment, Housing & Infrastructure
Housing Assurance Statement (A0116/2024/001)

Date: October 2023

Internal Audit Report

Corporate



Contract Audit - Roads Labour and Plant Contract (A0014/2024/001)

Date: December 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

- The Contract is being used appropriately and only where necessary.
- There are adequate supporting records available to evidence usage of any equipment hired through the Contract and it is utilised efficiently.
- There are robust contract management arrangements in place to monitor and report on supplier performance.
- Financial recording for services provided by the contractor is in line with standard accounting practice.

Audit Scope

1. Interviewed the relevant officers and obtained the required information and documentation relating to the Vehicle and Plant Hire with Operatives Contract.
2. Prepared a series of tests to meet the detailed audit objectives.

Key Audit Assurances

- Documentation is available to evidence usage of equipment hired through the contract.
- Financial recording for services provided by the contractor is in line with standard accounting practice.

Key Risks

- The contract is not being used efficiently as the council is being invoiced for times when the equipment was no longer required.
- The contract is not adequately managed by the Corporate Procurement Unit to ensure that the contractor is performing to expectations.

Overall Audit Opinion

Issues were identified in relation to the hire of operatives without machinery, paying for hire when the equipment had been returned and also paying an inflated price for fuel. Furthermore, concerns were identified in relation to the lack of contract management. The Auditor was advised that for a period, usual practices had been affected by COVID. For these reasons, assurance within this area was found to be limited. Recommendations have been made within the report which will improve controls.

Internal Audit Report

Corporate



Contract Audit - Roads Labour and Plant Contract (A0014/2024/001)

Date: December 2023

Management Commentary

The Corporate Procurement Unit have now schedule quarterly review meetings with the Contractor, the delivery of the agreed community benefits will form part of these review meetings. Service management have also worked alongside colleagues from the CPU to agree contract variations to formalise the current operational arrangements. It should be noted that the fuel price being paid, included a fuel delivery change and this has now been split out in the revised contract arrangements. All actions arising from the audit report have now been completed.

Internal Audit Report
Chief Executive
Performance Management (B0009/2023/001)

Date: December 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the review were to ensure that:

1. There is an adequate system in place to record Performance Indicators.
2. There are appropriately challenging targets set for Performance Indicators which are reviewed at regular intervals.
3. There are processes in place to review any variances where targets are not being achieved and that the appropriate action is taken on any adverse results.
4. Performance Indicators are reported both internally and externally to all relevant stakeholders in an acceptable format and in a timely manner.

Audit Scope

1. Checked that an adequate system is in place to record the required performance information for each indicator selected and evaluated for adequacy.
2. Obtained details of targets set for a sample of indicators and through discussion and comparison determined if they are meaningful and challenging.
3. Obtained a sample of underperforming indicators, ascertained the review process and check that sufficient action was being taken to address the issues.
4. Checked that there was adequate management oversight for the selected Performance Indicators.
5. Ensured that the information is reported within the agreed timescales to all relevant parties and is in a format that they can engage with.

Key Audit Assurances

Performance Indicators are reported both internally, through Service Improvement Plans and externally, through the Local Government Benchmarking Framework (LGBF) and as part of Public Performance Reporting Arrangements to relevant stakeholders in an acceptable format and in a timely manner.

Key Audit Risks

There were no key risks identified during the audit.

Overall Audit Opinion

LGBF indicators are used to measure performance and are then compared with other local authorities for benchmarking purposes. They are recorded, along with other performance indicators, on the Council's Pentana system. Some issues were noted with some of the information held on the system. Some of the information held requires to be updated and also any improvement actions being undertaken requires to be recorded for each performance indicator to strengthen the performance monitoring arrangements in place.

Internal Audit Report
Chief Executive
Performance Management (B0009/2023/001)

Date: December 2023

Management Commentary
Management will implement the three suggested improvements to strengthen existing practice.