

To: Audit, Risk and Scrutiny Board

On: 25 October 2021

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 July to 30 September 2021

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 July to 30 September 2021 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 01 July to 30 September 2021.
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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 01 July – 30 September 2021

| Category | Service | Engagement | Assurance Rating | Recommendation Ratings | | | |
|-------------------|---------------------|---------------------------|------------------|------------------------|-----------|---------------|---------------------|
| | | | | Critical | Important | Good Practice | Service Improvement |
| Assurance | Finance & Resources | Non Domestic Rates | Reasonable | 0 | 3 | 2 | 0 |
| Governance | Finance & Resources | Management of ICT Systems | Reasonable | 0 | 1 | 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 (A0082/2021/001)
Date: August 2021

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 NDR income due is properly accounted for and recorded on the system.
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 systems in place in relation to billing, collecting and monitoring NDR income, updating for any recent changes. Identified any areas for improvement.
2. Undertook a series of tests to ensure the system is adequate and operating as intended.
3. Prepared a certificate for East Renfrewshire Council based on the outcome of this 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.

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. If higher value refunds are not authorised by staff at an appropriate level, there is a risk that refunds can be paid incorrectly.
3. If there are delays in refunding ratepayers, those ratepayers' cashflow could be adversely affected.

Internal Audit Report
Finance & Resources
Non Domestic Rates (A0082/2021/001)

Date: August 2021

Overall Audit Opinion

The audit identified that satisfactory controls are in place for the billing and collection of NDR. As a result of the pandemic, there have been delays in reinstating reviews of reliefs which have been previously awarded. There were also some examples noted where high value refunds were not authorised by staff at an appropriate level and on some occasions there was a delay between the date refunds were requested and the dates they were paid. Recommendations have been made in this report to address these areas and, once implemented will help strengthen the controls in place for NDR. It should be noted that no audit testing has been undertaken on outstanding debt procedures as there has been a temporary cessation of following up outstanding debts due to the impact of the COVID pandemic on businesses.

Management Commentary

The task of reviewing reliefs has been transferred to the newly formed Reliefs Team and this work will commence as soon as the Review Officers are in post. In relation to refunds, the process document has been updated and will be issued to all processing staff. The delay in issuing refunds was due to the pandemic priority workload for operational service staff and we are now endeavouring to reduce the outstanding refund requests.

Internal Audit Report Finance & resources

Management of ICT Systems (B0073/2021/001)

Date: September 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit were to ensure that:

1. There is an adequate system in place to oversee the transfer of software applications from services to centralised ICT management as part of the Application Lifecycle Management Project.
2. The project is progressing within the intended timescales.
3. There is clarity over the roles and responsibilities of ICT and services as defined in the RACI Matrix.
4. The applications are being managed in accordance with the RACI Matrix and the arrangement is operating effectively.
5. Contracts in place are fit for purpose and represent best value for the Council.
6. Maintenance agreements are effective and are budgeted for.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate officers to ascertain the arrangements in place to manage software applications centrally and to ascertain the progress of the project.
2. Selected a sample of 5 applications which are now managed centrally and carried out a series of tests to ensure roles and responsibilities are operating as intended and the project is meeting its objectives.

Key Audit Assurances

1. There is an adequate system in place to oversee the transfer of software applications from services to centralised ICT management.
2. The roles and responsibilities of ICT and services are outlined clearly in the Support Model for each application.
3. Action is being taken to ensure that applications are being managed in accordance with individual Support Models.
4. Fit for Purpose Reviews are carried out by ICT officers to ensure that applications are meeting expectations and achieving best value.
5. Maintenance agreements are effective and are accounted for in the ICT budget.

Key Audit Risks

There are no key risks to report.

Internal Audit Report Finance & resources

Management of ICT Systems (B0073/2021/001)

Date: September 2021

Overall Audit Opinion

The audit review highlighted that there is an adequate system in place in relation to the centralisation of software applications backed by individual Support Models. The auditor noted that some annual reviews had not taken place timeously, however action has been taken to address this issue and a recommendation has been made to make the process more robust.

Management Commentary

Management regularly reviews the progress of the reviews and is aware of the delays which are due to the resources available in the team and the other demands placed on them.