

To: Audit, Risk and Scrutiny Board

On: 24 May 2021

Report by: Chief Auditor

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

2. **Recommendations**

- 2.1 Members are invited to consider and note the Summary of Internal Audit Reports finalised during the period from 01 January to 30 April 2021.
-

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 01 January – 30 April 2021

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Environment & Infrastructure	Fuel Purchases	Reasonable	0	2	3	1
	Communities & Housing Services	Council House Newbuild Programme	Substantial	0	0	1	0
	Chief Executives	Community Benefits	Reasonable	0	2	3	0
Governance	Chief Executives	Emergency Governance Arrangements	Substantial	0	0	0	0
	Corporate	Local Partnerships - Participatory Budgeting	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

Environment & Infrastructure

Fuel Purchases (A0032/2021/001)

Date: January 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. There are adequate policies and procedures in place which provide clear instructions to relevant staff making fuel purchases, using fuel cards
2. Adequate records are kept of fuel cards and inhouse fobs and the vehicles they are assigned to.
3. Fuel is only being obtained by authorised personnel for authorised vehicles and equipment.
4. Appropriate monitoring arrangements are in place and usage is subject to adequate management scrutiny.
5. Payments are only made for authorised fuel card transactions.
6. Depot fuel provides value for money when compared to fuel purchased from petrol stations, using fuel cards.

Audit Scope

The following work was carried out:

1. Through discussions with appropriate staff, ascertained the systems in place for administering and monitoring fuel purchases, using fuel cards.
2. Ascertained the controls in place when obtaining fuel from the fuel tank at Underwood Road.
3. Prepared and carried out a programme of tests covering the areas above.

Key Audit Assurances

1. Adequate records are kept of the vehicles that fuel cards and in-house fobs are assigned to.
2. Fuel is only being obtained by Authorised Personnel for authorised vehicles and equipment.
3. Payments are only made for authorised fuel card transactions.
4. Fleet Services have been working to reduce the number of fuel cards in use in favour of the on-site fuel tanks at Underwood Road to provide better value for money to the Council.

Key Audit Risks

1. Management information available is not being routinely prepared and monitored for anomalies by Fleet Services and other council departments. There is, therefore, a risk that irregularities will not be identified and investigated further.

Internal Audit Report

Environment & Infrastructure

Fuel Purchases (A0032/2021/001)

Date: January 2021

2. There are currently no restrictions set for fuel cards. Setting parameters for the use of fuel cards can mitigate the likelihood of unauthorised transactions.

Overall Audit Opinion

The audit has provided for a reasonable level of assurance in relation to the processes in place for fuel purchases. Improvements could be made to the levels of management scrutiny by both Fleet Services and council departments and card limits could further mitigate the risk of unauthorised transactions. Internal Audit agree with Fleet Services that they should continue with the next stage in the exercise to reduce the number of fuel cards in use in favour of the on- site fuel tanks at Underwood Road, by concentrating on vehicles allocated to Building Services. The service has reduced the number of fuel cards in circulation by approximately one third and requiring those vehicles to utilise the fuel tanks at Underwood Road, reduces the cost of fuel for these vehicles.

Management Commentary

In conjunction with Services, we are continuing with our work to reduce the use of Fuel Cards throughout the Council. Discussions are also taking place with the Contractor regarding putting restrictions on fuel cards. As a result of other work pressures arising from the pandemic, there was a delay in establishing system reports for service managers to enable them to have full visibility of fuel usage and we hope to progress this work during this year.

Internal Audit Report

Communities & Housing

Council Housing New Build Programme (A0014/2021/001)

Date: April 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. A clearly defined and approved framework is in place for the management of the council's Housing Newbuild Programme.
2. Adequate arrangements are in place to comply with Scottish Housing Quality Standards, Energy Efficiency Standards for social housing, the Scottish Government's Housing for Varying Needs requirements and all statutory requirements relating to newbuild housing.
3. Effective arrangements are in place for the procurement and management of council housing newbuild projects.
4. Objectives have been clearly defined and outcomes and deliverables have been agreed for each newbuild project.
5. Monitoring arrangements are in place to ensure the council Housing Newbuild programme is on track and resources are used effectively.
6. Adequate reporting arrangements are in place to enable effective oversight of the programme by senior management and the appropriate Board.

Audit Scope

The following work was carried out:

1. Through discussions with appropriate staff, ascertained the systems in place for management of the council's Housing Newbuild programme.
2. Prepared and carried out a programme of tests covering the areas above.

Key Audit Assurances

1. A clearly defined and approved framework is in place for the management of the council's Housing Newbuild Programme.
2. Adequate arrangements are in place to comply with Scottish Housing Quality Standards, Energy Efficiency Standards for social housing, the Scottish Government's Housing for Varying Needs requirements and all statutory requirements relating to newbuild housing.
3. Effective arrangements are in place for the procurement and management of council housing newbuild projects.
4. Objectives have been clearly defined and outcomes and deliverables have been agreed for each newbuild project.
5. Monitoring arrangements are generally in place to ensure the council Housing Newbuild programme is on track and resources are used effectively.
6. Adequate reporting arrangements are in place to enable effective oversight of the programme by senior management and the appropriate Board.

Internal Audit Report
Communities & Housing
Council Housing New Build Programme (A0014/2021/001)

Date: April 2021

Key Audit Risks
1. There were no key risks identified during the audit.

Overall Audit Opinion
The audit has identified that satisfactory administrative arrangements are in place for management of the council's Housing Newbuild programme. We have recommended that Housing Regeneration and New Build Steering Group meetings should resume and accompanying reports for each new build project be presented to the group to provide evidence of effective monitoring.

Management Commentary
N/A as no key risks were identified

Internal Audit Report

Chief Executives

Community Benefits (A0014/2020/001)

Date: October 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit were to ensure that:

1. There is an appropriate focus on community benefits throughout the procurement process.
2. The benefits are relevant and useful to the community.
3. There are clear community benefit implementation plans for each relevant contract.
4. Adequate processes are in place to monitor progress and delivery of community benefits.
5. There is adequate oversight of community benefits from the Community Benefits Forum.
6. Reports to senior management and the appropriate Board are suitable.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate officers to ascertain the systems in place for realising community benefits in the procurement process.
2. Prepared and carried out a programme of testing to meet the above objectives on a sample of procurement contracts.

Key Audit Assurances

1. For the contracts selected for testing, there is an appropriate focus on community benefits in the Invitations to Tender.
2. The benefits offered were relevant and useful to the community.
3. There is adequate oversight of community benefits from the Community Benefits Forum.
4. The Annual Procurement Report provided an appropriate community benefits update to the Finance, Resources and Customer Services Policy Board.

Key Audit Risks

1. Where there is not an appropriate escalation process in place to follow up with suppliers when community benefits are not being achieved, it is more difficult to ensure suppliers deliver those benefits.

Overall Audit Opinion

The audit has identified that there was an appropriate focus on community benefits in the Invitations to Tender for each contract tested and adequate oversight from the Community Benefits Forum.

We have recommended that management ensure that community benefit implementation plans are in place and that an appropriate escalation process is in place to follow up with

Internal Audit Report

Chief Executives

Community Benefits (A0014/2020/001)

Date: October 2020

suppliers when Community Benefits are not being delivered in accordance with these implementation plans.

Management Commentary

The Internal Audit recommendations are being actioned and the amended processes, in relation to delivery plans and escalation procedures where suppliers are failing to deliver the committed community benefits will be incorporated into the Community Benefits Strategy.

To support the prioritisation of the delivery of community benefits, a new role has been created in the procurement team using existing resources. The Sustainable Procurement Specialist role includes a requirement to support the delivery of community benefits through contracts, working with suppliers and stakeholders to ensure committed contractual benefits are delivered within the life of the contract. This post will be supported by a trainee who will monitor delivery and ensure that data is kept up to date and an early warning system will be implemented to flag any concerns about slow delivery.

New technology will be introduced to ensure that live data is available. The data base will be shared with colleagues in the Community Benefits Forum to allow them to accurately monitor delivery and highlight any concerns to the procurement team.

Internal Audit Report Chief Executives

Emergency Governance Arrangements (B0007/2021/001)

Date: March 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

1. The Emergencies Board and the Emergencies Management Team structures, roles and responsibilities are clearly defined and documented.
2. The appropriate authorisations and decision-making processes are put in place and operated in practice.
3. Decisions and actions are taken at the correct level, adequately documented, logged and appropriately monitored for completion.
4. There are mechanisms in place to ensure that decisions and actions were communicated to the right people.
5. There are mechanisms in place for the Emergency Management Team to record and manage risk.
6. Arrangements have been reviewed for lessons learned.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate staff to understand the arrangements in place and identified any supplementary procedures implemented by the Chief Executive.
2. Reviewed the agendas and minutes of the Emergencies Board meetings.
3. Through sample testing, evaluated the operation of the procedures in practice.

Key Audit Assurances

1. The Emergencies Board and the Emergencies Management Team structures, roles and responsibilities have been clearly defined and documented.
2. Appropriate authorisations and decision-making processes were put in place and operated during the COVID pandemic.
3. Decisions and actions were taken at the correct level, were adequately documented, were logged and monitored and communicated to the right people.
4. There were appropriate mechanisms in place for the Emergency Management Team to record and manage risk and to include risks as a result of the pandemic within council risks.
5. A lessons learned exercise was carried out, resulting in actions being added to the Emergency Management Team action log.

Key Audit Risks

1. There were no key risks identified during the audit.

Internal Audit Report Chief Executives

Emergency Governance Arrangements (B0007/2021/001)

Date: March 2021

Overall Audit Opinion
The audit has identified that satisfactory procedures were put in place to delegate decision making in response to the COVID 19 pandemic. The Emergencies Board minutes and delegated authority reports provide an audit trail of decisions taken, while other Boards were not meeting as usual. Decisions were taken at the correct level and actions were taken forward by the Emergencies Management Team.

Management Commentary
N/A – No recommendations to be addressed.

Internal Audit Report Corporate

Local Partnerships - Participatory Budgeting (B0009/2021/001)

Date: April 2021

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit were to ensure that:

1. There are adequate governance arrangements surrounding local partnership participatory budgeting.
2. Local partnerships are provided with adequate guidance in relation to participatory budgeting.
3. Funding is allocated on a population basis to ensure it is spread correctly across Renfrewshire's communities.
4. Each partnership has set their local priorities and the allocation of grant funding aligns with these priorities.
5. Local partnerships are provided with appropriate guidance in relation to applications received for the Youth Challenge Fund.

Audit Scope

The following work was carried out:

1. Interview the appropriate staff to obtain system notes and any relevant guidance and documentation.
2. Prepare a series of tests to ensure Local Partnerships Participatory Budgeting arrangements and associated procedures are operating effectively and in accordance with legislation.

Key Audit Assurances

1. Through discussion, observation with Chief Executive staff and analysis of information available, it was confirmed that there is an adequate system in place for the Participatory Budgeting aspect of Local Partnerships.
2. There are adequate governance arrangements surrounding local partnership participatory budgeting.
3. Local partnerships are provided with adequate guidance in relation to participatory budgeting.
4. Funding is allocated on a population basis to ensure it is spread correctly across Renfrewshire's communities.
5. Each partnership has set their local priorities and the allocation of grant funding aligns with these priorities.
6. Local partnerships are provided with appropriate guidance in relation to applications received for the Youth Challenge Fund.

Internal Audit Report Corporate

Local Partnerships - Participatory Budgeting (B0009/2021/001)

Date: April 2021

Key Audit Risks
1. There were no key risks identified during the audit.

Overall Audit Opinion
The audit identified that a satisfactory system is in place for the Participatory Budgeting aspect of Local Partnerships. As a result, there were no audit findings identified during this review and the auditor has made a provision of substantial assurance for the areas tested.

Management Commentary
N/A – No recommendations to be addressed.