

To: Audit, Risk and Scrutiny Board

On: 23 November 2020

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 July to 30 September 2020

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 2020 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 July to 30 September 2020.
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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 2020

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	FAR	Supporting Attendance Absence Management	Limited	0	8	2	0
	Chief Executive's	LEADER programme	Substantial	0	0	0	0
	FAR	Non-Domestic Rates	Reasonable	0	3	3	0
	FAR / Children's Services	Online Payments School Fund	Reasonable	0	1	2	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.
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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



Supporting Attendance - Absence Management (A0038/2020/001)

Date: August 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of the review are to ensure that within the Customer Service Unit and Technical Service Unit of Finance and Resources Services:

- Roles and responsibilities have been defined for absence management;
- The Council's Supporting Attendance at Work Policy and any service specific guidance is accessible to responsible officers;
- Adequate training has been provided on the policy and any service specific guidance to officers involved in absence management;
- The council's Supporting Attendance at Work Policy and any service specific guidance are being consistently applied.

Audit Scope

- Obtained the current Supporting Attendance at Work Policy and prepared a programme of tests for a sample of absences within the Technical Services Unit and Customer Services Section to ascertain the level of compliance with the issued policy/guidance.
- Interviewed the appropriate members of staff to ascertain whether roles and responsibilities are clear and appropriate training has been provided to relevant officers. Checked that the appropriate officers have access to the policies/guidance.

Key Audit Assurances

- Roles and responsibilities for absence management are clearly defined.
- Supporting Attendance at Work Guidance is accessible to responsible officers on the council's intranet.

Key Risks

- There is insufficient evidence held to be able to demonstrate that the Supporting Attendance at Work Policy is being followed within the Customer Service Unit and Technical Service Unit.
- For the areas of service tested, training on the Supporting Attendance at Work Policy and Business World system did not always result in absences being correctly recorded.

Overall Audit Opinion

The audit review identified that there was insufficient evidence available to demonstrate that the council's Supporting Attendance at Work Policy was being followed consistently by the Customer Service Unit and Technical Service Unit. Absences were not always recorded correctly and expected evidence was not always attached on the Business World system. It is understood that Business World is at an early stage of implementation. Recommendations have been made to address specific issues identified. Based on these, the auditor has made a provision of limited assurance.

Internal Audit Report

Finance & Resources



Supporting Attendance - Absence Management (A0038/2020/001)

Date: August 2020

Management Commentary
Errors and missing documentation identified during the audit have now been corrected on the Business World system. Reminders have been issued to staff to remind them of the need to correctly update the system and attach all relevant documentation. Additional training has been provided. Corporately, the guidance for supporting attendance is currently being reviewed.

Internal Audit Report
Chief Executive
External Funding Arrangements - Leader
(A0036/2021/001)

Date: July 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit were to ensure that:

- There is an adequate system in place which complies with European Commission (EC) guidance in terms of monitoring and control of the grants and payments of awards;
- Applications are assessed for eligibility and value for money (reasonableness of costs and procurement);
- There are appropriate arrangements in place to assess the progress of projects and that the outcomes are consistent with those objectives specified at the outset;
- Grant awards are properly approved, and payments made are in line with the amount awarded;
- There is appropriate separation of duties across the processing and payment of grant claims;
- There are appropriate supervisory controls in place to monitor the quality of processing claims and that evidence exists to support this;
- The necessary financial information is provided to the Scottish Government Rural Payments & Inspection Directorate (SGRPID) in a timely fashion to support draw down of grant;
- The agreed performance targets are being met.

Audit Scope

- Interviewed the appropriate officers to ascertain the arrangements in place to facilitate for the award, control and monitoring of claims processing;
- Selected a sample of 2 projects and carried out a series of tests to assess the adequacy of the controls in place across the grant process.

Key Audit Assurances

- For the sample of projects tested, there is an adequate system in place which complies with European Commission (EC) guidance in terms of monitoring and control of the grants and payments of awards.
- Applications are assessed for eligibility and value for money (reasonableness of costs and procurement).
- There are appropriate arrangements in place to assess the progress of projects and the outcomes are consistent with those objectives specified at the outset.
- Grant awards are properly approved and payments made are in line with the amount awarded. There is appropriate separation of duties across the processing and payment of grant claims.
- There are appropriate supervisory controls in place to monitor the quality of processing claims and evidence exists to support this.
- The necessary financial information is provided to the Scottish Government Rural Payments & Inspection Directorate (SGRPID) in a timely fashion to support draw down of grant.
- The agreed performance targets are being met.

Internal Audit Report
Chief Executive
External Funding Arrangements - Leader
(A0036/2021/001)
Date: July 2020

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

Overall Audit Opinion
The audit identified that satisfactory arrangements are in place for issuing, monitoring and managing the External Funding Applications through the LEADER grant funding programme. As a result, there were no audit findings identified during this review.

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

Internal Audit Report

Finance & Resources



Non Domestic Rates (A0082/2020/001)

Date: September 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

- There is an adequate system in place to ensure the calculation and payment of non-domestic rates.
- All exemptions and discounts have been properly applied.
- All NDR income due is properly accounted for and recorded on the system.
- All accounts have been issued in line with statutory timescales.
- All income due to East Renfrewshire Council has been remitted to their bank account.
- Outstanding debt at the year-end is being appropriately managed.

Audit Scope

- Interviewed the appropriate officers to ascertain the systems in place in relation to billing, collecting and monitoring NDR income, updating for any recent changes. Identify any areas for improvement.
- Undertook a series of tests to ensure the system is adequate and operating as intended.
- Prepared a certificate for East Renfrewshire Council based on the outcome of this audit.

Key Audit Assurances

- There is an adequate system in place for the calculation and payment of Non Domestic Rates.
- Demand notices are issued according to statutory timescales.
- All income due to East Renfrewshire Council has been remitted to their bank account.
- Debt recovery is appropriately managed.

Key Risks

- Without the evidence of all rates relief application emails being available, the council may be unable to confirm that a valid application was made in the event of any challenge.
- If reviews of reliefs granted are not carried out as often as agreed, there is a risk that some reliefs may be incorrect. This was reported in previous years.

Overall Audit Opinion

The audit identified that satisfactory controls are in place for the billing and collection of NDR. However, evidence of some rates relief applications emails were not available and reviews of NDR reliefs are not being carried out as often as agreed. Recommendations in the report to address areas of weakness identified will, if implemented, help strengthen the controls in place for NDR. The auditor has made a provision of reasonable assurance in relation to the area under review.

Internal Audit Report

Finance & Resources



Non Domestic Rates (A0082/2020/001)

Date: September 2020

Management Commentary
Management had developed a timetable for review of rates reliefs. Due to increased workload arising within the team in relation to NDR corrections required in relation to business support grants to support businesses during Covid 19 lockdown the timetable had slipped. A revised timetable is now in place with reviews commencing in September 2020 and targets will be monitored. Also, management have reiterated the processes to ensure that documentation is retained as required.

Internal Audit Report

Children's Services

Schools Procedures - On Line Payments (School Funds)

(A0109/2020/001)

Date: July 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: -

- Documented procedures were in place and available to the relevant employees working with online School Fund systems for recording and processing income and expenditure and bank reconciliations.
- Income generated through online systems for School Funds was being adequately recorded and processed.
- Expenditure was appropriate, adequately recorded and supported.
- Bank reconciliations were being carried out timeously and were independently verified.
- There were no unnecessary cash transactions in operation in schools.

Audit Scope

- Obtained background information and system notes through discussions with appropriate officers and assessed for adequacy.
- Prepared and carried out a series of tests at a sample of schools to enable the above objectives to be met. The schools selected for testing were Trinity and Gryffe High Schools and St. James (Renfrew) and Howwood Primary Schools.

Key Audit Assurances

- Documented procedures were in place and available to the relevant employees working with online School Fund systems for recording and processing income and expenditure and bank reconciliations.
- Income generated through online systems for School Funds was being adequately recorded and processed.
- Bank reconciliations were being carried out timeously and were independently verified.

Key Risks

- Where invoices and receipts are not available for all items of school fund expenditure, there is a lack of evidence to show that all expenditure was correctly recorded.

Overall Audit Opinion

The audit has resulted in a reasonable level of assurance over the controls in place for administering school fund online payments. The auditor has recommended that officers administering, and authorising,

Internal Audit Report

Children's Services

Schools Procedures - On Line Payments (School Funds) (A0109/2020/001)

Date: July 2020

school fund expenditure should be reminded that all expenditure should only be for the benefit of pupils and that evidence to show what all expenditure was for should be retained. We also recommended that management should provide clear guidance to officers administering school funds in relation to the extent to which they can accept cash payments as this was not consistent within the schools visited.

Management Commentary

Management have implemented the recommendations and reminded the staff of the correct procedures where necessary. Parent Pay is continuing to be rolled out to minimise cash transaction, however, it is recognised that some residual cash transactions will continue for the foreseeable future.