

To: Audit, Risk and Scrutiny Board

On: 25 January 2021

Report by: Chief Auditor

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

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 01 October – 31 December 2020

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Environment & Infrastructure	School Meals Income Monitoring – Online Payments	Limited	0	5	3	0
	Finance & Resources	Payroll	Reasonable	0	2	3	0
		Disclosure Checks	Reasonable	0	2	5	0
	Communities, Housing & Planning	Housing Assurance Statement	Substantial	0	0	0	0
Governance	Finance & Resources	Community Empowerment - Community Asset Transfers	Limited	0	6	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

	<p>put some objectives of the area being reviewed at risk</p> <ul style="list-style-type: none"> • 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
School Meals Income Monitoring - Online Payments
(A0018/2020/001)

Date: October 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. Documented procedures were in place and available to the relevant employees working with online school meals systems for income recording, checking, monitoring and reconciliation.
2. Income generated through online systems for school meals was being adequately recorded, checked and monitored.
3. The income was being reconciled to banking and general ledger records and discrepancies were being timeously investigated by officers within Environment & Infrastructure Services.

Audit Scope

The following work was carried out:

1. Obtained background information and system notes through discussions with appropriate officers and assessed for adequacy.
2. Prepared and carried out a series of tests on a sample of 4 schools to enable the above objectives to be met.

Key Audit Assurances

1. Where online payments for school meals have been introduced in schools, they have reduced the risks of cash discrepancies as a result of counting and handing cash.

Key Audit Risks

1. Income from online catering payments is being inaccurately recorded, leading to difficulties in monitoring the income being received.
2. When income is not accurately and timeously reconciled to banking and general ledger records, it is difficult to check that income to other records and ensure that all expected income has been received.

Internal Audit Report
Environment & Infrastructure
School Meals Income Monitoring - Online Payments
(A0018/2020/001)

Date: October 2020

Overall Audit Opinion

Online payments for school meals have not yet been rolled out to all schools. However, the auditor has made a provision of limited assurance in relation to the areas reviewed at this time as a number of issues requiring attention were identified. Lessons will be learned as the system is further rolled out. The recommendations in the report will strengthen the controls in place.

We have recommended that income generated through online payments should be more accurately recorded and monitored and reconciliations between banking and general ledger should be improved and carried out more regularly.

Management Commentary

Facilities Management Soft Services Staff, Finance Staff and officers from the Online School Payments-Cashless Catering Board are currently in the process of implementing the recommendations. This involves documenting the procedures to be followed, on-site training visits and discussions with the software suppliers to correct any system anomalies identified.

Internal Audit Report

Finance & Resources

Payroll (A0084/2020/001)

Date: November 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. Temporary changes to employee hours are actioned and recorded accurately and only for the period required.
2. Responsibility payments are actioned on receipt of properly authorised documentation and only paid for qualifying periods.
3. Employees moving posts internally are actioned timeously, with hierarchies being updated correctly.
4. Secondments and temporary upgrades are recorded accurately and only for the period required.

Audit Scope

The following work was carried out:

1. Through discussions with appropriate staff, ascertained the processes for making variations to permanent payroll data.
2. Prepared a programme of tests covering the areas above.

Key Audit Assurances

1. Temporary changes to employee hours were generally actioned and recorded accurately.
2. Hierarchies were updated correctly for internal transfers.
3. Temporary upgrades were generally recorded accurately.

Key Audit Risks

1. Some employees with temporary changes of hours were not paid timeously due to delays by service managers informing Employee Services and Employee Services informing Payroll.
2. Where there is a lack of evidence that some secondment contracts are signed by all parties, disputes may be more difficult to resolve.

Overall Audit Opinion

The audit identified that temporary changes to employee hours and temporary upgrades are generally actioned correctly. However, some employees with temporary changes of hours were not paid timeously and there was a lack of evidence of signed contracts for some secondments. Recommendations were made, which when implemented, will improve the controls in place for payroll.

Internal Audit Report
Finance & Resources
Payroll (A0084/2020/001)

Date: November 2020

Management Commentary

Communications have recently been sent to all line managers, along with the new Salary Adjustment Policy, reminding them of their responsibilities to submit any payroll changes timeously. In addition, it has been reiterated to all Services that early engagement should be made with HR prior to any secondment being agreed.

Internal Audit Report
Finance & Resources
Disclosure Checks (A0035/2020/001)
Date:- November 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit were to ensure that:

1. Policy and procedures were in place which comply with the requirements of the PVG scheme.
2. Arrangements were in place to undertake the required PVG checks on new employees (and volunteers) undertaking regulated work.
3. Processes were in place to ensure that employees (and volunteers) who required PVG checks have been checked.

Audit Scope

The following work was carried out:

1. Ascertained the procedures in place for carrying out disclosure checks for employees and volunteers who work with Children/Protected Adults.
2. Tested a sample of new employees and volunteers undertaking regulated work to ensure that arrangements are in place to undertake the required PVG checks.
3. Tested a sample of employees and volunteers undertaking regulated work to ensure that they have had PVG checks.
4. Tested a sample of employees transferred into posts undertaking regulated work to ensure that they have had PVG checks.

Key Audit Assurances

For the sample of employees, including those who transferred to regulated work tested, arrangements were in place to undertake the required PVG checks and the checks were carried out.

Key Audit Risks

1. The information on Business World is not a complete record of disclosure checks for employees as there is a period where Business World could not be accessed and the records have not been updated retrospectively.
2. There are inadequate processes in place to ensure all PVG certificates requested for employees and volunteers from Disclosure Scotland are being received, because of a lack of evidence of follow up action on the Disclosure Log.

Overall Audit Opinion

Arrangements were in place to undertake required PVG checks for employees, including those who transferred to regulated work. However, we identified that there was no evidence to show that records for keeping track of disclosure checks requested for

Internal Audit Report
Finance & Resources
Disclosure Checks (A0035/2020/001)
Date:- November 2020

employees and volunteers have been reviewed at regular intervals and that all employees disclosure checks undertaken have been recorded on Business World. Recommendations were made to make the controls over disclosure checking more robust.

Management Commentary

There was a period of time where the relevant staff could not access Business World to record the disclosure checks information. This has now been rectified and the required details have been retrospectively input into Business World. Employee Service management are also in the process of amending their procedures in order that a follow up check is undertaken to ensure confirmation is received that a disclosure check has been undertaken by Disclosure Scotland.

Internal Audit Report

Communities, Housing & Planning

Housing Assurance Statement (A0016/2021/001)

Date: October 2020

COMMITTEE SUMMARY

Audit Objectives

To ensure that:

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

Audit Scope

The following work was carried out:

1. Considered the Annual Assurance Statement to the Scottish Housing Regulator.
2. Through sample testing, ensured that appropriate evidence was held to confirm that Communities, Housing and Planning Services are complying with the requirements of the Annual Assurance Statement.
3. 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 Communities, Housing and Planning Services 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 sample check of the evidence used to demonstrate compliance, we would confirm that the Council complies with the requirements of the Housing Assurance Statement.

Internal Audit Report
Finance & Resources
Legislation Management - Community Empowerment -
Community Asset Transfers
(B0013/2020/001)

Date: December 2020

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit were to ensure that: -

1. Community Asset Transfer Requests (ATRs) are formally notified to the council and include the relevant information in line with legislation;
2. ATRs are made by properly constituted Community Transfer Bodies and contain all additional requirements where the request concerns outright ownership of an asset;
3. The validity of the ATR is checked and acknowledged in accordance with The Community Empowerment (Scotland) Act 2015;
4. Public notices are issued, published and displayed appropriately and any representations are reviewed within the set timescales;
5. The Community Asset Transfer Panel consider and review in detail the request and supporting documentation and issue and publish a formal decision notice to all relevant parties;
6. Guidance on the review and appeal processes are communicated to Community Transfer Bodies where a refusal decision has been reached.

Audit Scope

The following work was carried out:

1. Interviewed the appropriate staff to obtain the system in place and any relevant documentation.
2. Prepared a series of tests to ensure Community Asset Transfer arrangements and associated procedures were operating effectively and in accordance with legislation.

Key Audit Assurances

1. We are unable to offer any key assurances for the Community Asset Transfer arrangements.

Key Audit Risks

1. The current arrangements for processing Community Asset Transfers are not in line with the requirements of the Community Empowerment (Scotland) Act 2015 as described below and could leave the council open to challenge.

Internal Audit Report
Finance & Resources
Legislation Management - Community Empowerment -
Community Asset Transfers
(B0013/2020/001)

Date: December 2020

2. A number of applications did not include the relevant information in line with legislation;
3. There was limited evidence that applications are being progressed by properly constituted Community Transfer Bodies;
4. There was limited evidence of the validity of the applications being checked and acknowledged in accordance with Act;
5. There was limited evidence of Public Notices being issued, published appropriately and displayed;
6. There was limited evidence of formal Decision Notices being sent to relevant parties;
7. There was no evidence of guidance on the review and appeal processes being communicated to Community Transfer Bodies where a refusal decision has been reached.

Overall Audit Opinion

The current processes being carried out in relation to Community Asset Transfers fall short in several areas on the requirements of the Community Empowerment (Scotland) Act 2015. The auditor has made recommendations to address these issues. A provision of limited assurance has been made in relation to the area under review.

Management Commentary

At the time of the audit review, it should be noted that there were staffing issues within the team which has resulted in our processes not being as robust. We are currently actioning the audit recommendations made and this involves amending our processes to ensure we can evidence that we fully comply with the current legislation and updating our procedural notes accordingly.