

EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE14 August 2025Report by Chief AuditorINTERNAL AUDIT PLAN PROGRESS REPORT 2025/26 QUARTER 1**PURPOSE OF REPORT**

1. To inform members of progress on Internal Audit's annual plan for 2025/26 as approved in March 2025.

BACKGROUND

2. The work performed by Internal Audit is based on a rolling 5-year strategic plan, which is revised annually to take into account changes in circumstances. This report is provided to allow members to monitor the activities of Internal Audit and to oversee actions taken by management in response to audit recommendations.

AUDIT PLAN 2025/26 - PROGRESS REPORT QUARTER 1

3. A copy of the annual audit plan for 2025/26 is shown in appendix 1. Four reports relating to planned 2025/26 audit work have been issued (2 in quarter 1, 2 in quarter 2). Appendix 3 gives detail of reports which were issued as part of the plan where the responses were received since the last progress report. Responses are deemed to be satisfactory if all recommendations are accepted for implementation by management or where any recommendation is not accepted but a satisfactory reason is given. The quarterly performance indicators for the section are shown in appendix 4.
4. Reports issued from 2025/26 onwards will now have an overall assurance rating. The definitions used for this are replicated at the end of appendix 3 for reference. This was a recommendation resulting from the external PSIAS exercise carried out and reported previously to the Audit and Scrutiny Committee.
5. One new request for assistance was dealt with using general contingency time during the quarter, this related to anomalies within payments made to some council tax accounts.

RECOMMENDATION

6. The Committee is asked to:
 - (a) note Internal Audit's progress report for quarter 1 of 2025/26.

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.

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EAST RENFREWSHIRE COUNCIL
Internal Audit Section
ANNUAL AUDIT PLAN FOR 2025/26 PROGRESS REPORT QUARTER 1

Department	Title	Audit Number	No. of Days	Status
Chief Executives Office	Licensing Income	1	20	
	Corporate Procurement Cards	2	20	
Business Operations and Partnerships	Accounts Payable	3	12	
	Accounts Receivable	4	25	In progress
	Payroll	5	51	
	Council Tax – Recovery and Enforcement	6	20	In progress
	Housing Benefit/UC – Admin/post opening	7	20	
	Insurance Arrangements	8	10	In progress
Education	Early Learning Childcare Add on	9	25	
	Schools Cluster –	10	40	Complete
Environment	City Deal	11	15	
	PPP Projects	12	20	
	Burial Income	13	10	Complete
	Trade Refuse, special uplifts and garden waste	14	20	
	Vehicle Services	15	18	
	Climate Change Report	16	5	
Housing	Housing Repairs	17	25	
	Homelessness and Temp Accommodation	18	25	
HSCP	Home Care Services	19	25	
	Client Monies	20	30	
Computer Audit	Application Controls – Icon	21	20	In progress
	Cyber Security Checklist	22	20	
Other Bodies	IJB	23	15	
	ERCLT	24	20	In progress
Various	Contract TBC	25	25	
	General and Fraud Contingency	26	80	In Progress
	Risk Management and Corp Governance	27	20	Complete
	Follow Up	28	50	In Progress
	Previous Year Audits	29	20	In progress
			706	

Audits shown in bold were issued since last progress report

INTERNAL AUDIT REPORTS AND MEMOS ISSUED 2025/26

File Ref.	Audit No.	Subject	Department	Date Audit Started	Date Report Memo Sent	Date Reply Due	Date Reply Rec	Comments	Report Rating	Tot	H	M	L	E	Not accepted
MB/1237/FM	25	Payroll FU	BO&P	17/03/25	17/6/25	18/7/25	21/7/25	Satisfactory	n/a	8	1	4	3	0	
			HSCP												
			Environment				14/7/25	Satisfactory							
MB/1238/NS	10	Schools Cluster (St Luke's)	Education	15/04/25	18/7/25	12/9/25			R	33	0	19	14	0	
MB/1239/IM	27	Risk Management and Corporate Governance	Chief Execs	29/04/25	3/7/25	8/8/25	7/7/25	Satisfactory	S	7	0	0	5	2	
			Environment												
			Education				8/7/25	Satisfactory							
			BO&P				8/7/25	Satisfactory							
			HSCP												
MB/1240/ZC	13	Burial Income	Environment	01/05/25	27/06/25	01/08/25	16/7/25	Satisfactory	R	3	0	0	3	0	0
MB/1241/IM	24		ERCLT												
MB/1242/ZC	4	Accounts Receivable	BO&P	23/05/25											
MB/1243/IM	8	Insurance Arrangements	Chief Executives	16/06/25											
MB/1244/NS	6	Council Tax (Recovery and Enforcement)	BO&P	19/06/25											
MB/1245/ZC	21	Application Controls - ICON	Finance BO&P	07/07/25											

Overall Report Rating

S	Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the areas audited.
R	Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited.
L	Limited Assurance	Significant gaps, weaknesses or non-compliance identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the areas audited.
N	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and controls is inadequate to effectively manage risks to the achievement of objectives in the areas audited.

Note: Audits issued in quarter are highlighted in bold

SUMMARY OF REPORTS ISSUED WHERE RESPONSES WERE RECEIVED SINCE LAST PROGRESS REPORT

APPENDIX 3

1. MB/1221/FM Ordering and Certification Follow Up

A full copy of this report and the response has been circulated to Audit and Scrutiny Committee Members.

One audit containing twelve recommendations, all of which were previously accepted by management for implementation were followed up as part of this audit. Follow up testing showed that good efforts have been made to implement previous recommendations and only two recommendations remain outstanding, plus one new recommendation is made.

2. MB/1232/NS Cashless Catering and Parentpay

The review covered the following key control objectives

- All income/transactions to the system can be accounted for and are allocated correctly.
- Overall reconciliations are taking place of all income received per individual school and per system overall.
- Parents and schools can access and view transactions for all pupils, there is transparency over all transactions.
- Reporting is flexible and tools are available to ensure all necessary data can be extracted from the system.
- Accuracy, completeness, timeliness, confidentiality and security of the system is continually assessed and assured.
- Audit trail is maintained allowing interrogation and analysis of data held.
- The system is backed-up appropriately and able to be recovered in event of failure, testing of this is carried out.
- Refunds are authorised and supported by documentary evidence.
- Access to systems is appropriate and restricted to required personnel.
- Free school meals are correctly recorded and can be agreed to source records.

Both systems are operating effectively within the establishments visited with procedures in place covering the administration of the systems however, there is scope within both systems to improve the audit trail in place for monitoring income and processing of refunds.

A review of Free School Meals showed that there is currently no reconciliation between each of the stages to ensure that the number of meals awarded has been transferred to SEEMIS and in turn to the cashless system to allow them to be issued by the individual catering units.

A review of system access and users was completed for each system which highlighted a large number of duplicate logins and users who are no longer employees of the Council. There was also a large number of users for which there had been no recorded sign in for a number of years.

As both systems are coming up for renewal it is a good opportunity to review the current weaknesses in the system with a view to addressing these within the tender specification for the new contract.

Nine recommendations were made in total, one was classified as high risk, four as medium risk and four as low risk. All recommendations were accepted by management. The high risk and the management responses is replicated below.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
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4.4.1	The system administrator for each system should carry out a full review of all users and access levels periodically to ensure that they are appropriate for the role they are carrying out and verify that they are current employees.	High	Yes	Initial data cleansing exercise will be undertaken and review will be completed on annual basis thereafter. Possible process improvements in the future dependent on the results of the SLAM project.	Business Systems Officer Catering Services Manager	Aug-25
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3. MB/1233/FM Follow up of HSCP Audits

A full copy of this report and the response has been circulated to Audit and Scrutiny Committee Members.

Three audits containing fifteen recommendations, all of which were previously accepted by management for implementation were followed up as part of this audit. Follow up, testing showed that good efforts have been made to implement previous recommendations and only two recommendations remain outstanding, plus four that will require to be revisited when the new Mosaic system is implemented later in the year.

4. MB/1234/ZC Vehicle Fuel

The review covered the following key control objectives:

- Diesel fuel is only issued for valid purposes to authorised drivers
- All diesel movements are correctly recorded in stock and accounting systems
- Diesel stock is correctly valued
- Diesel is appropriately recharged to user departments
- Appropriate monitoring of diesel usage is carried out
- Risks related to fuel as noted in the risk register for vehicle maintenance and management have control measures in place
- Adequate controls are in place to ensure fuel purchase cards are used appropriately

The Council's diesel fuel tanks are located at Thornliebank depot, which is operational 24/7, 365 days per annum. The depot has a manned security office and CCTV, however it was noted that at the time of the audit, the vehicle gate barrier was not in operation.

Transport has a fuel management system (Fueltran). The audit highlighted numerous system controls implemented in Fueltran to monitor and improve the quality of information pertaining to the use of diesel. Transport alone, however, is not responsible for monitoring usage. There is an onus on user departments for fob security, driver checks and regular monitoring of reports provided.

The audit highlighted that some basic controls surrounding diesel stock were either not operational or not able to be viewed. There is reliance on the fuel tank electronic gauges, as no physical dips are undertaken. No checks on delivery volumes are completed between Integra and Fueltran and audit sampling highlighted variances in quantities. Not all diesel orders were fully authorised in Integra prior to delivery of fuel.

Variances may occur for many reasons. There is, however, no analysis or reconciliation from gauges, to Fueltran, to Integra for deliveries or stock movements. These would assist in monitoring the robustness of information or highlight issues.

Environment has a comprehensive risk register and business continuity plans in place. Control on diesel stock and reorder levels is business critical for council services and review of operational controls should be in place as soon as possible. A process for reconciling between Integra and Fueltran is recommended.

Transport recharges services in a timely manner for fuel, providing supporting documentation. There are, however, areas of improvement in controls to ensure all recharges are accounted for, as the audit highlighted some variances.

The vehicle transport list needs to be reconciled at least annually to the insured list of vehicles to ensure completeness.

Seventeen recommendations were made, one was classified as high risk, ten as medium risk and six as low risk. The high risk recommendation is replicated below. All recommendations were accepted by management.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.5.1	Checks between the electronic fuel gauge and Fueltran stock reports should be undertaken on a regular basis, noting the date, time, employee and any discrepancies should be noted and investigated.	H	Yes	Actioned	Transport Lead	Complete

5. MB/1240/ZC Burial Income

The review covered the following key control objectives:

- All income received is appropriately accounted for
- All appropriate documentation relating to the burial has been received and filed
- All subsidiary records have been updated with accurate information relating to the burial
- Regular reconciliations are carried out to ensure all expected income has been received and posted to the correct ledger code
- Fees and charges approved by Cabinet are being correctly applied

Based on the work carried out, the overall assessment is that there is **Reasonable Assurance** in relation to the achievement of Burial Income objectives.

Audit sampling found paper records to be well maintained, cross-referenced and accurate, with invoices to customers raised timeously at prevailing rates, and debt monitoring clearly demonstrated. An experienced member of staff maintains paper and excel records. In addition, documents are scanned and uploaded to the online system and relevant burial information input. Access to the online database is restricted to authorised users, and sampling found uploaded documents were filed in a consistent format and able to be retrieved. Two burial dates in the sample were incorrect on the online system but correct on the original documentation. All of the foundation permits issued which were viewed were on out of date headed paper.

It was noted an invoice summary is maintained on an on-going basis by year, and though invoices are reconciled to the ledger on an individual basis, the total is not reconciled to the financial ledger.

Three recommendations were made, all were classified as low risk and accepted by management.

Overall Report Rating	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the areas audited.

Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the areas audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the areas audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and controls is inadequate to effectively manage risks to the achievement of objectives in the areas audited.

Risk Ratings for Recommendations	
High	<ul style="list-style-type: none"> • Key controls absent, not being operated as designed or could be improved and could impact on the organisation as a whole. • Corrective action must be taken and should start immediately.
Medium	<ul style="list-style-type: none"> • There are areas of control weakness which may be individually significant controls but unlikely to affect the organisation as a whole. • Corrective action should be taken within a reasonable timescale.
Low	<ul style="list-style-type: none"> • Area is generally well controlled or minor control improvements needed. • Lower level controls absent, not being operated as designed or could be improved
Efficiency	<ul style="list-style-type: none"> • These recommendations are advisory, made for the purposes of improving efficiency, digitalisation or reducing duplication of effort to separately identify them from recommendations which are more compliance based or good practice.

EAST RENFREWSHIRE COUNCIL
Internal Audit Section

QUARTERLY PERFORMANCE INDICATORS

<u>Internal Audit Indicators reported Quarterly</u>	Target (where applicable)	Quarter 1 Actual 2025/26	Quarter 1 Cumulative 2025/26
2. Audit Coverage.			
2.2 Actual direct audit days as a percentage of total days available	75%	75%	75%
2.3 Number of requests for assistance/queries raised by departments outwith planned audit work.	-	1	1
2.4 Percentage of planned contingency time used. (Days available exclude public holidays, annual leave and sickness absence)	<100%	10.3%	10.3%
5. Issue of Reports.			
5.1 Number of 2025/26 audit reports issued per quarter excluding ERCLT.	-	2	2
5.2 Ave. time in weeks from start of fieldwork to issue of report. (Note 1)	12 weeks	9 weeks	9 weeks
5.3 Ave. time taken to issue report (working days). (Note 2)	10 working days	2.5 days	2.5 days

Notes

1. Average weeks calculated as working days divided by 5. This is calculated excluding ERCLT audits.
2. Working days excludes weekends, public holidays, annual leave and sickness absence. This is calculated excluding ERCLT audits.

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