

Business Operations and Partnerships Department

Director of Business Operations & Partnerships: Louise Pringle

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Date: 5 August 2025

When calling please ask for: Linda Hutchison (Tel. No 0141 577 8388)

e-mail: linda.hutchison@eastrenfrewshire.gov.uk

TO: Councillor Andrew Morrison (Chair), Tony Buchanan (Vice-Chair), Provost Mary Montague and Councillors Paul Edlin, Annette Ireland, David Macdonald and Gordon Wallace.

AUDIT AND SCRUTINY COMMITTEE

A meeting of the Audit and Scrutiny Committee will be held in the Council Chamber, Council Headquarters, Eastwood Park, Giffnock, G46 6UG on **Thursday, 14 August 2025 at 2.00pm.**

The agenda of business is as listed below.

Yours faithfully

Louise Pringle

LOUISE PRINGLE

DIRECTOR OF BUSINESS OPERATIONS AND PARTNERSHIPS

AGENDA

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are requested to give notice of any declarations of interest in respect of items of business on the Agenda.

3. CHAIR'S REPORT

4. RISK MANAGEMENT ISSUES - CLARIFICATION RECEIVED ON QUERIES RAISED AT PREVIOUS MEETING

Report by Clerk (copy attached, pages 3 - 6).

5. ANNUAL TREASURY MANAGEMENT REPORT 2024/25

Report by Head of Finance (Chief Financial Officer) (copy attached, pages 7 - 22).

6. INTERNAL AUDIT PLAN 2025/26 - IMPLEMENTATION PROGRESS - APRIL TO JUNE 2025 (QUARTER 1)

Report by Chief Auditor (copy attached, 23 – 32).

A recording of the Committee meeting will be available following the meeting on the Council's YouTube Channel <https://www.youtube.com/user/eastrenfrewshire/videos>

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EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

14 August 2025

Report by Clerk

RISK MANAGEMENT
CLARIFICATION

PURPOSE OF REPORT

1. To summarise the clarification received and circulated on queries raised at the meeting of the Committee on 27 March on risk management, arising from consideration of a report on the Strategic Risk Register.

RECOMMENDATION

2. It is recommended that the Committee notes the position.

REPORT

3. In June 2022, it was agreed to implement recommendations made by the Committee arising from its self-evaluation. An observation made then was that, when queries on reports are raised at meetings, it is not always possible for answers to be provided at the meeting itself. Although the provision of clarification or assurances subsequently was considered acceptable, it was agreed, in the interests of transparency, that the Clerk should submit a summary of clarification received and circulated to the next meeting. To ensure that effective use is made of officers' time, it was also agreed subsequently, following the Committee's most recent self-evaluation earlier in 2025, that all queries raised at formal meetings and subsequently (on initial clarification received and circulated by email) are to be addressed before the feedback is summarised and reported to the Committee for noting.

4. A related observation endorsed by the Committee in June 2022, and again earlier in June 2025 arising from the most recent self-evaluation, is the value of Members alerting the Clerk or Chair in advance to issues on which they intend to seek feedback at meetings. This is to allow relevant officers to be alerted to these queries and prepare adequately for meetings in the interests of transparency, efficiency and effectiveness.

5. Clarification received on queries raised at the meeting of the Committee on 27 March on risk management issues, arising from consideration of a report on the Strategic Risk Register, which has already been circulated through correspondence, is provided in Appendix 1. No additional queries were raised by members of the Committee on the clarification provided.

RECOMMENDATION

6. It is recommended that the Committee notes the position.

Local Government Access to Information Act 1985

Report Author: Linda Hutchison, Clerk to the Committee (Tel. No. 0141 577 8388)

e-mail: linda.hutchison@eastrenfrewshire.gov.uk

Background Papers:-

1. Audit and Scrutiny Committee Agenda – 27 March 2025:-
[Strategic Risk Register](#)

APPENDIX 1

CLARIFICATION SOUGHT AND CIRCULATED

DATE OF MEETING	ITEM AND ISSUE(S) RAISED	CLARIFICATION
27 Mar 2025	<p data-bbox="414 557 712 587">Strategic Risk Register</p> <p data-bbox="414 624 1043 754">Further to discussions on the Strategic Risk Register (SRR), it was agreed that the Resilience Co-ordinator seek and provide further clarification on the following issues:-</p> <ul style="list-style-type: none"> <li data-bbox="414 791 1043 1026">(i) if the risk regarding major works capital programmes facing unanticipated challenges as a result of external factors during the lifespan of projects (Risk 6.22) was now higher than before, taking account of the position regarding the Aurs Road City Deal project; <li data-bbox="414 1198 1043 1329">(ii) the timescale for completing the school condition survey, and if this would be earlier than February 2026 as work on this was ongoing (Risk 2.1.3 refers); and 	<p data-bbox="1070 624 2096 686">In summary, the Resilience Co-ordinator provided feedback on these issues as follow:-</p> <ul style="list-style-type: none"> <li data-bbox="1070 791 2107 1161">(i) Following discussion at the Corporate Management Team (CMT) and through the Environment Department's consideration of risks, it was determined that the risk scoring should not be altered as a result of issues being encountered regarding the Aurs Road City Deal project. The risk in the SRR seeks to be reflective of the entirety of the Capital Programme of works. Due to the Aurs Road project having a standalone Project Risk Register and project governance in place, and regular updates to Elected Members being established separately in the days following the Committee meeting, it was considered disproportionate to increase the likelihood scoring (and as a result the overall risk score) further for the full Programme. <li data-bbox="1070 1198 2107 1366">(ii) The condition survey work is separate from the annual capital programme process. A new control has been added to the SRR for the broader condition survey work, reflecting that these surveys will be taking place across all Council buildings during 2025/26 and 2026/27 (completion target April 2027), to help prioritise capital spend on maintenance, upgrades, etc.

	<p>(iii) how often the risk score for Braidbar Quarry was revisited (Risk 3.5 refers) and the score currently attributed to the likelihood of there being a risk, given the mitigations already in place.</p>	<p>(iii) The merits of the Braidbar Quarry risks continuing to remain on the SRR is considered as part of the two monthly CMT discussions on risk management. In May 2025, it was considered that the current scoring should continue. As part of this, there is a desire for a review of recent inspection and repair reports, and there remains a keen public interest in any works on the privately owned areas of this land. The next CMT review (July/August 2025) will revisit this risk and consider whether Environmental risk arrangements are a more suitable home for this risk. Should it be determined that the <i>likelihood</i> score should be reduced to 1 (low), the overall risk score would reduce to 4 (low), and therefore the risk would no longer feature on the SRR.</p>
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EAST RENFREWSHIRE COUNCIL

AUDIT & SCRUTINY COMMITTEE

14 August 2025

Report by Head of Finance (Chief Financial Officer)

ANNUAL TREASURY MANAGEMENT REPORT FOR 2024/25

PURPOSE OF REPORT

1. To advise the Audit & Scrutiny Committee on the Treasury Management activities for the period ending 31 March 2025.

RECOMMENDATION

2. It is recommended that the Committee:
 - note the Annual Treasury Management Report for 2024/25; and
 - recommend to Council that the attached organisations for investment of surplus funds be approved.

BACKGROUND

3. In line with the CIPFA Code of Practice on Treasury Management, the Audit & Scrutiny Committee is responsible for ensuring effective inspection of treasury management activities and this report is submitted in accordance with this requirement.

SUMMARY

4. Overall, the report demonstrates a well-managed treasury function within the Council. The average interest rate on long-term borrowing has reduced slightly from that reported in March, due to the revision of debt resulting from the introduction of the new financial reporting standard. The Council continues to adopt a prudent approach to treasury management and, in particular, highlights that 5.85% of loans held as at 31 March 2025 had variable interest rates, which is well below the Council's approved upper limit of 15%. The resulting stability in borrowing assists the Council in responding to the current national economic pressures.

RECOMMENDATION

5. It is recommended that the Committee:
 - note the Annual Treasury Management Report for 2024/25; and
 - recommend to Council that the attached organisations for investment of surplus funds be approved.

REPORT AUTHOR

Head of Finance (Chief Financial Officer):	Kirsty Stanners
Corporate Finance Manager	Paul Parsons
Telephone Number:	0141 577 3068
E-mail:	paul.parsons@eastrenfrewshire.gov.uk

Report Date:	10 July 2025
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INTERIM TREASURY MANAGEMENT REPORT QUARTER 4 2024/25

Table 1

1. Actual External Debt

	Borrowing 01/04/24 £M	Average Interest %	Borrowing 31/03/25 £M	Average Interest %	Change in Yr £M
<u>Long Term Borrowing</u>					
Public Works Loan Board	112.49	3.29	137.48	3.54	24.99
Local Authority Bonds	14.40	4.60	14.40	4.60	0.00
PFI / PPP Finance Leases	68.13	7.17	92.26	7.17	24.13
IFRS16 Asset Leases	-		1.83	5.12	1.83
Total Long Term	195.02	4.74	245.97	4.98	50.95

Net Short Term Investments/Borrowing

Temporary Investments/Borrowing (25.74)	5.28	(35.79)	5.38	(10.05)
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NOTES

- (i) For the purposes of this report, long-term borrowing means loans taken on a long-term basis. This differs from the Annual Accounts, which have to categorise long-term loans with less than a year until repayment as short-term loans. Loans above totalling £0.003 million come into this category.
- (ii) The Treasury Strategy approved by the Council on 28 February 2024, ratified external borrowing of £62m from the Public Works Loan Board (PWLb). During the year new borrowing of £25m borrowing was agreed with the PWLB.
- (iii) There has been a slight increase to the average interest rate on long-term borrowing from that reported previously due to the inclusion of assets in-line with the new financial reporting standard and due to new borrowing agreed during the year.
- (iv) The Council's net external borrowing position has increased in total by £40.90 million during the quarter mainly due to the inclusion of the new financial reporting standard and new borrowing agreed during the year, in addition to both the revenue and capital cash flows.
- (v) The Council's activity in the temporary investments market is shown, along with the corresponding interest rate movements, in Appendices 2 – 5. As part of a risk managed process designed to protect the principal of the sums invested, the maximum period of investment was restricted to 6 months.
- (vi) As at 31 March 2025, the Council had 5.85% of its total debt outstanding in variable rate loans. For the Council to gain a high level of stability in overall borrowing costs, the Council's Treasury Policy Statement requires the exposure to variable rate loans to be less than 15% of the total debt outstanding.
- (vii) Appendix 6 shows the Bank of England MPC base rate covering the period April 2022 to the date of this report.

2. PWLB

The primary source of medium/long term borrowing is from the UK Government through the PWLB. The PWLB provides loans to local authorities at rates, which are in general more attractive than loans available from other sources.

3. DEBT MATURITY PROFILE

The Council's debt maturity profile at 31 March 2025 is shown both below and in graph format at Appendix 7.

It is a requirement of the Council's Treasury Policy Statement that the maximum amount of long-term debt maturing in any one year should be no more than 15% of the Council's long-term debt outstanding, at the time of borrowing.

The Council's Debt Maturity Profile as at 31 March 2025 was within the agreed limits.

Long Term Debt Maturity Profile as at 31 March 2025

	PWLB	Local Authority Bond	Total	
	£M	£M	£M	%
25/26	0.00	0.00	0.00	0.00
26/27	5.01	0.00	5.01	3.30
27/28	2.01	0.00	2.01	1.32
28/29	10.00	0.00	10.00	6.58
29/30	15.00	0.00	15.00	9.88
30/31	0.00	0.00	0.00	0.00
31/32	0.00	0.00	0.00	0.00
32/33	0.00	0.00	0.00	0.00
33/34	0.00	0.00	0.00	0.00
After 2034/35	105.46	14.40	119.86	78.92
Total	137.48	14.40	151.88	100.00

4. PRUDENTIAL INDICATORS

In line with the agreed monitoring arrangements for the Prudential Indicators, a table showing all the prudential indicators comparing the latest approved indicator to the actual for 2024/25 is set out below.

As explained in February 2024 when the Treasury Management Strategy was presented to this committee, a new financial reporting standard was implemented during the current financial year and all assets that are leased, rented or hired and were previously off balance sheet, now have to be included. While the indicators below include the impact of this accounting change, the figures are subject to the audit confirmation. Any audit adjustments will be reflected in future reports.

Prudential Indicator	Revised Approved indicator £'000s	Actual @ 31/03/25 £'000s
Capital Expenditure:	111,950	100,281
Comment	<p>Movement from Approved Indicator is due to the revised planning of capital projects within both the Housing and General Fund Capital Programmes, moving capital spend from the current to the following financial year.</p> <p>This indicator includes the expenditure amendments resulting from the introduction of the new financial reporting standard (IFRS 16). The actual amendment was £34,887k.</p>	
Capital Financing Requirement (CFR):	322,242	307,383
Comment	<p>Movement from Approved Indicator is due to the revised planning of capital projects within both the Housing and General Fund Capital Programmes, moving capital spend from the current to the following financial year.</p> <p>This indicator includes the impact of the new financial reporting standard (IFRS 16).</p>	
Operational Boundary for External Debt:	330,811	306,644
Comment	<p>Movement from Approved Indicator reflects the Council's continued use of internal borrowing from reserves and other balances.</p>	
Authorised Limit For External Debt:	364,609	306,644
Comment	<p>Movement from Approved Indicator reflects the Council's continued use of internal borrowing from reserves and other balances.</p>	

Gross Debt:	268,813	246,711
Comment	This indicator includes the impact of the new financial reporting standard (IFRS 16).	
Gross Debt to CFR (Under) / Over	(53,429)	(60,672)
Comment	Movement from Approved Indicator is as a result of a reduction in net capital expenditure in the current year.	
Financing to Net Revenue Stream Non – HRA HRA:	8.0% 35.0%	8.0% 34.5%
Comment	Movement from the Approved Indicator reflects an improved income stream for the Housing Revenue Account.	
HRA - Ratio of Debt to Revenue	325.0%	318.5%
Comment	Movement from Approved Indicator relates to marginal movements within the Housing Capital Programme, moving capital spend from the current to the following financial year along with changes to the repayment of loans fund principal as a result of moving from an Equal Instalment of Principal to an Annuity repayment method, as approved by Council.	
HRA – Debt Per Dwelling £	16,050	15,986
Comment	Movement from Approved Indicator relates to marginal movements within the Housing Capital Programme, moving capital spend from the current to the following financial year.	
Code of Practice For Treasury Management	<p>The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.</p> <p>All of the approved activities within the Council Treasury Management Policy Statement have been complied with.</p>	

The movement between the Capital Financing Requirement and the Gross Debt represents the amount of internal borrowing. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded by external loan debt as the cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy remains both prudent and cost effective.

	Approved Indicator £'000s	Actual @ 31/03/25 £'000s
Capital Financing Requirement	£322,242	£307,383
Gross Debt	£268,813	£246,711
Internal Borrowing Required	£53,429	£60,672

5. DEBT PERFORMANCE INDICATOR

The Treasury Strategy sets out the following debt performance indicator:

- i) Average "pool rate" compared to Scottish average:
This information is not currently available but will be included in subsequent reports.

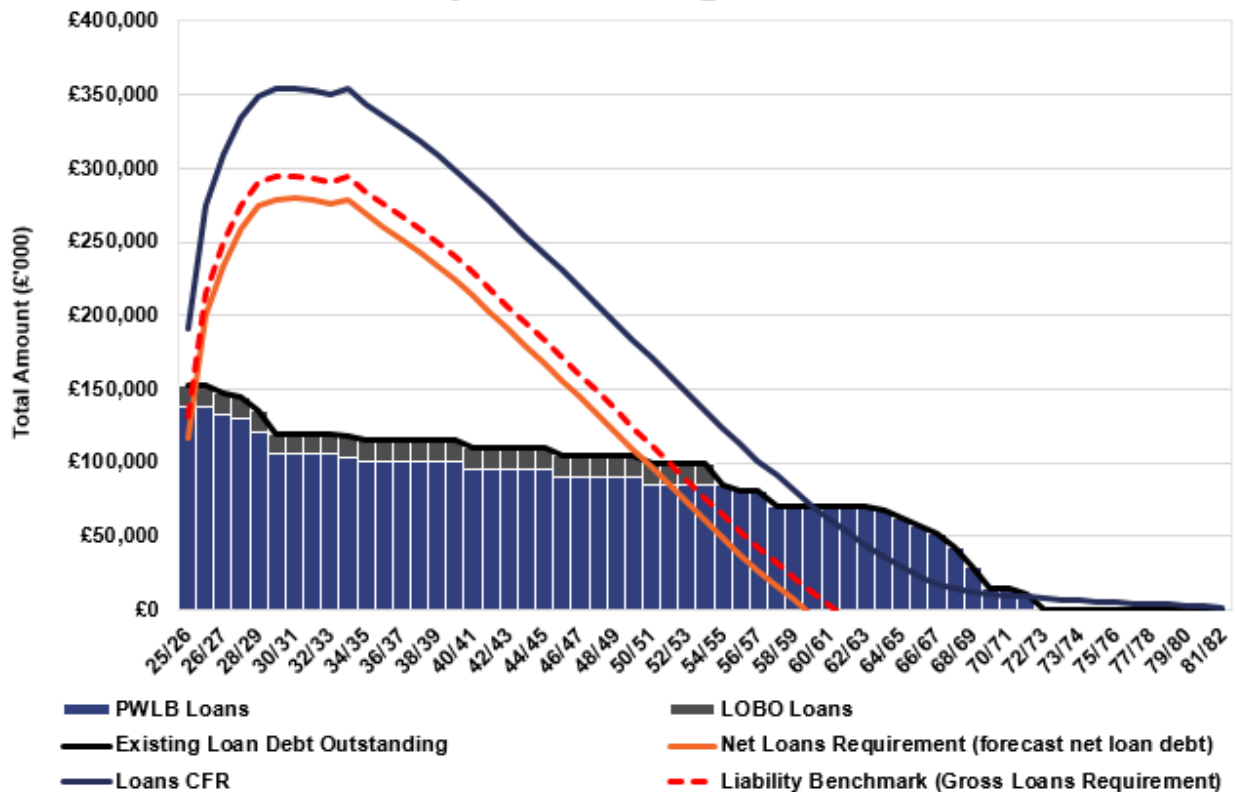
6. LIABILITY BENCHMARK

The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum. It is a projection of the amount of loan debt outstanding that the Council needs to fund its existing debt liabilities, planned prudential borrowing and other cashflows.

There are four components to the LB: -

- 1. Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- 2. Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund principal repayments.
- 3. Net loans requirement:** this shows the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
- 4. Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

Liability Benchmark @ 31/03/2025



7. APPROVED ORGANISATIONS FOR INVESTMENT

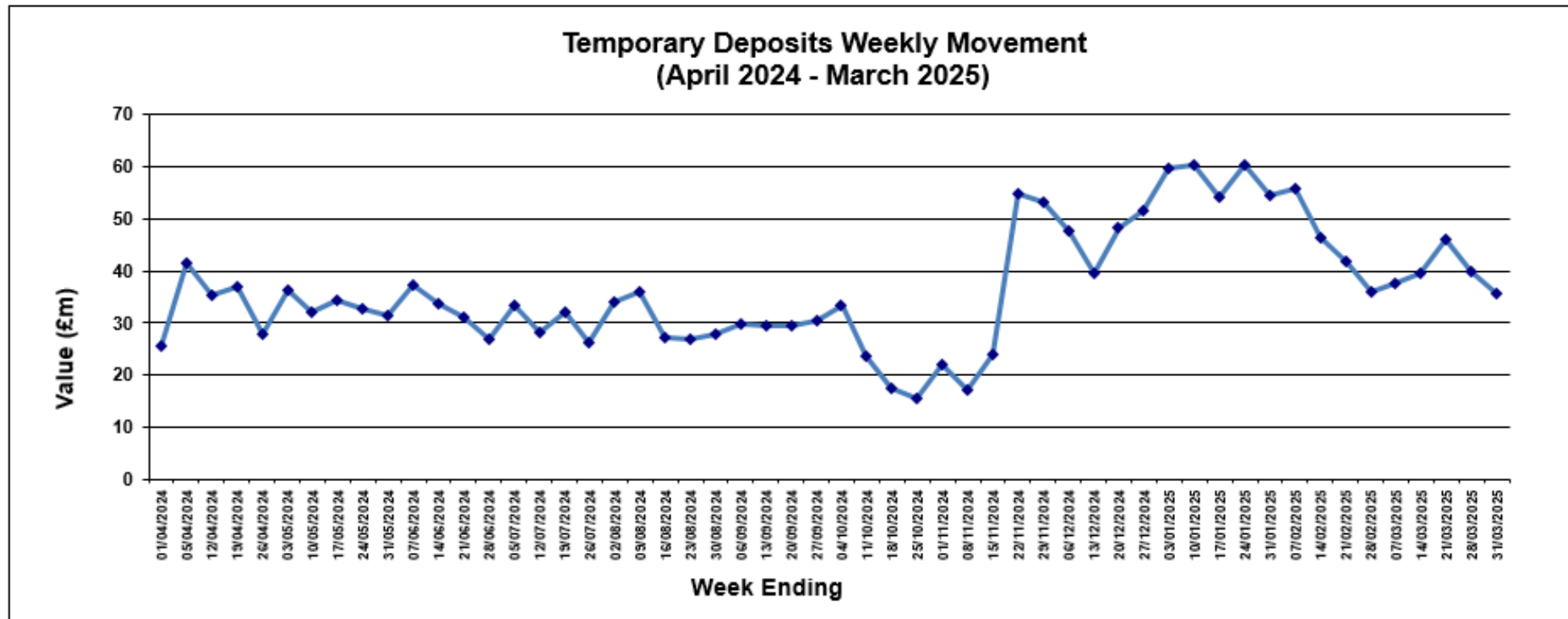
In line with normal practice, the status of all Banks and Building Societies has been reviewed in order to amend the current list of approved organisations for investment (see Appendix 8). No changes have been made since that last reported on 27 March 2025. All lending is in line with the permitted methods of investment, which were approved by Council on 26 February 2025 as part of the Treasury Management Strategy report.

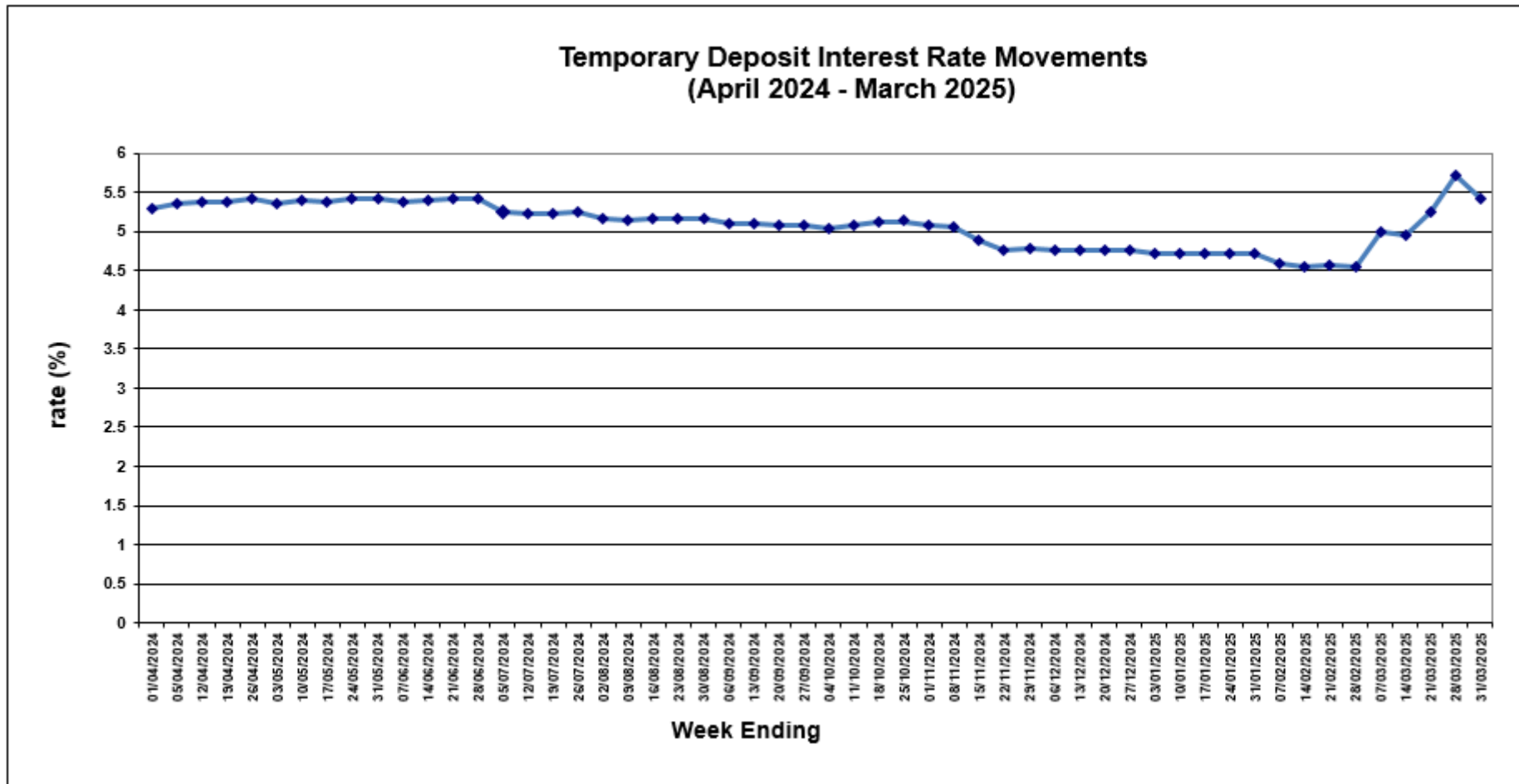
In line with prudent financial management, investments have been restricted to UK organisations with high credit ratings. Also, the maximum period for any investment is currently set at 6 months, based on the MUFG Corporate Markets suggested Duration Matrix. This investment period can only be exceeded with the written permission of the Head of Finance (Chief Financial Officer). These measures have been taken as part of a risk managed process designed to protect the principal of the sums invested.

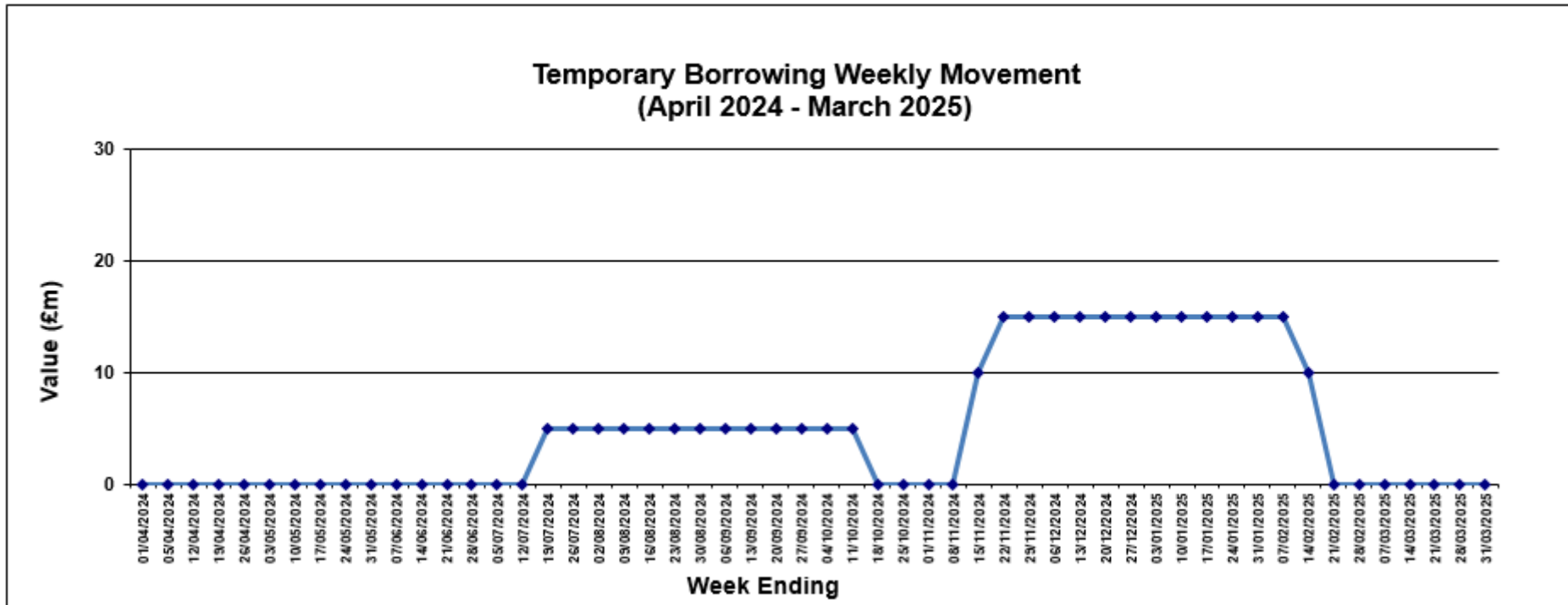
Credit ratings of organisations on the counter-party list are subject to continuous monitoring and review to ensure that, subject to available professional advice, approved organisations remain sound for investment purposes.

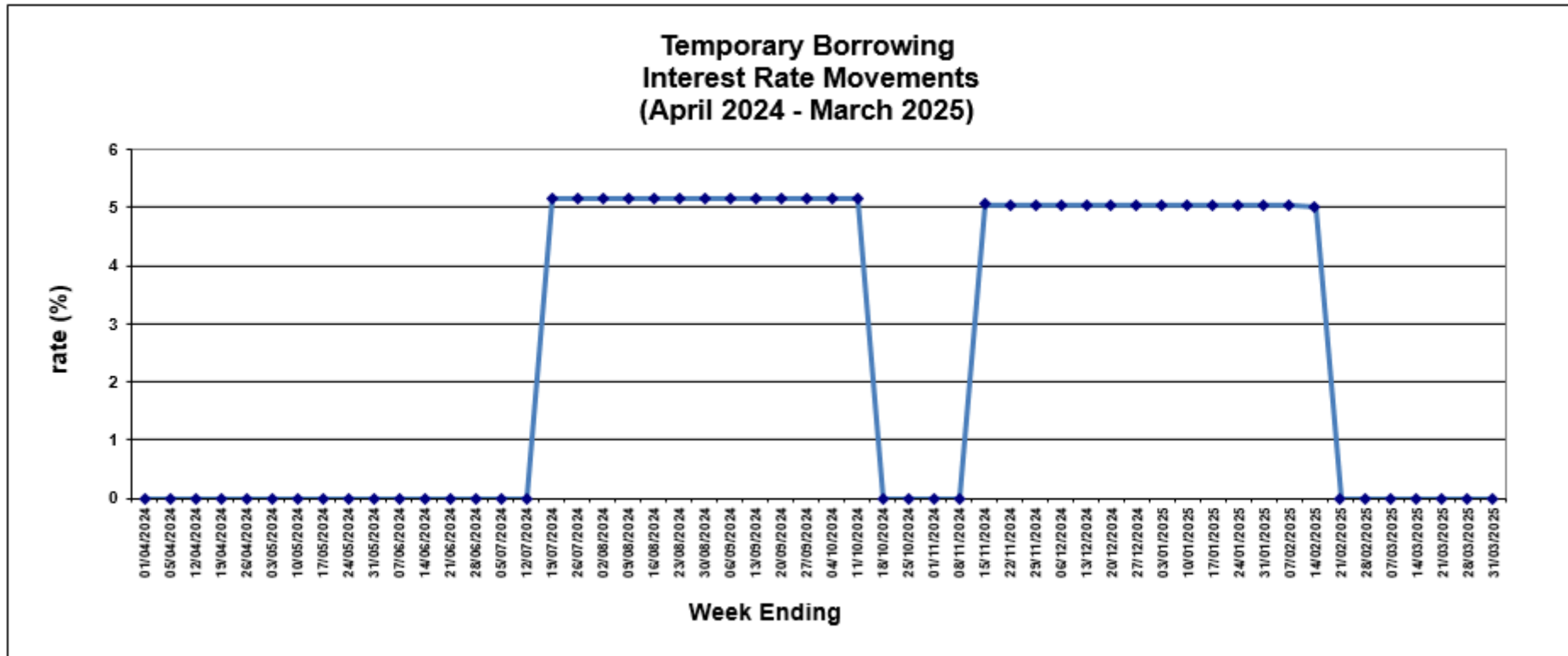
8. TREASURY MANAGEMENT RISK

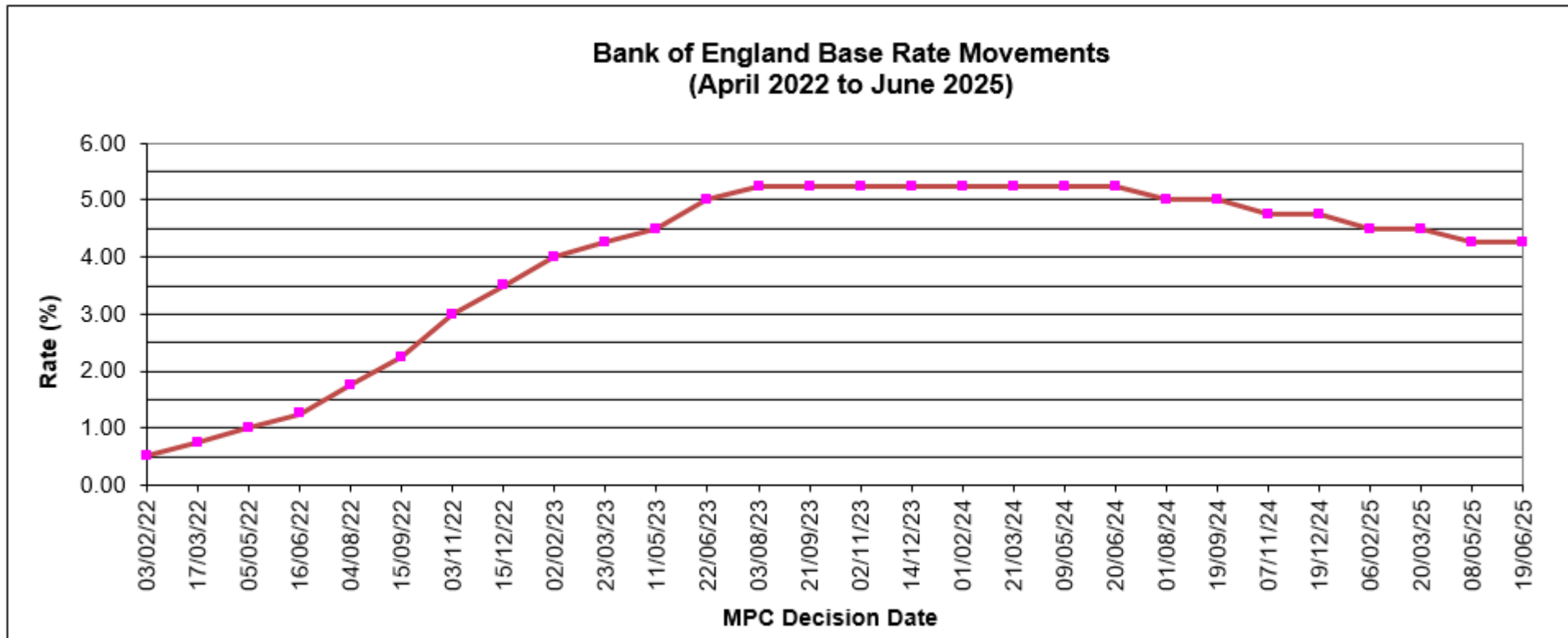
Within the Operational Risk Register for Accountancy Services there is a risk listed that highlights the difficulty in obtaining sufficient institutions, that meet the Council's criteria, to invest surplus funds with. To minimise this risk, the Council has six Money Market Funds which provide highly diversified investments.



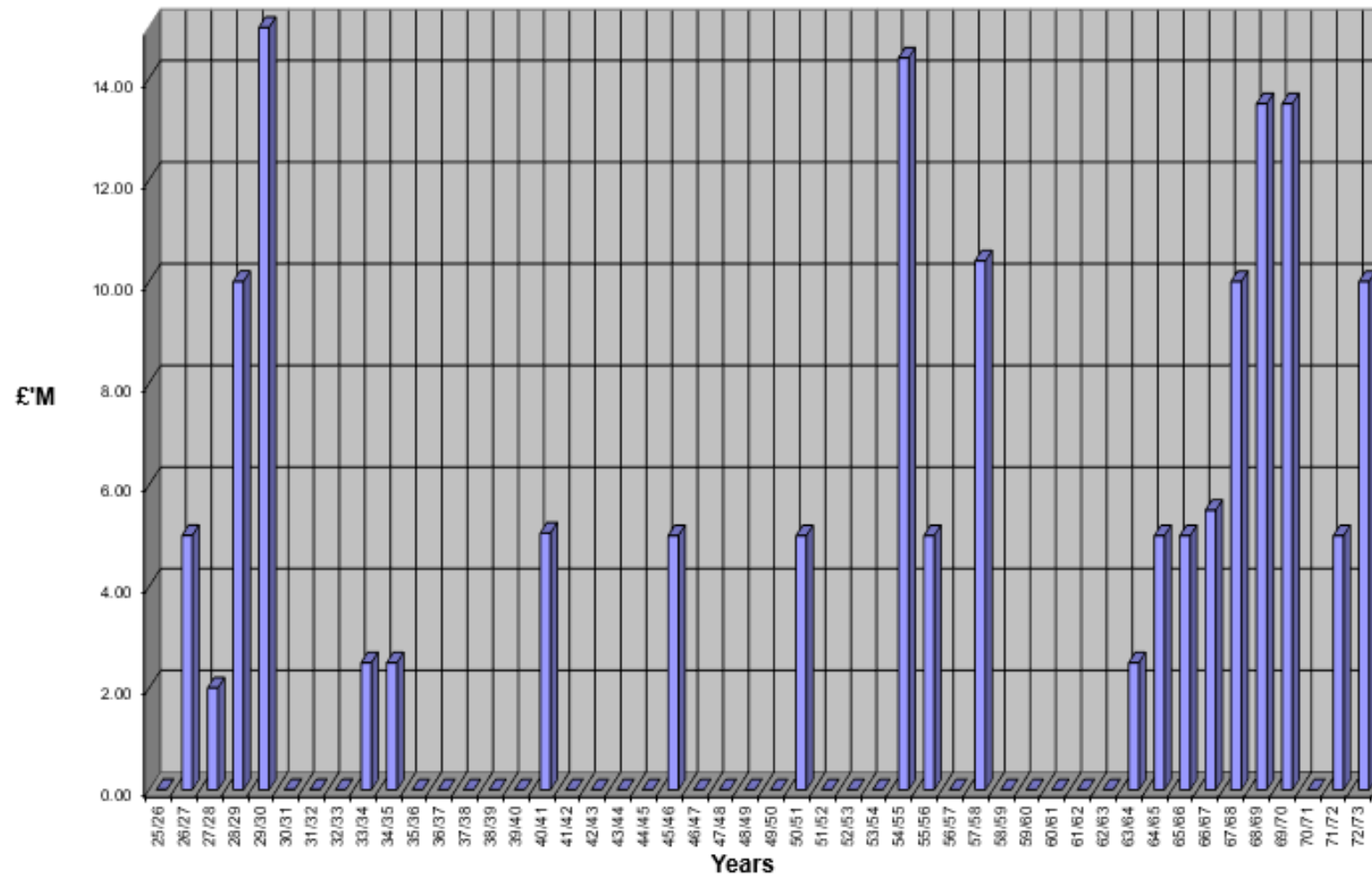








Long Term Debt Maturity Profile as at 31/03/2025



EAST RENFREWSHIRE COUNCIL
ORGANISATIONS APPROVED FOR THE INVESTMENT OF SURPLUS FUNDS
Limits

Banking Group	Individual Counterparty	Deposit	Transaction
Bank of England	Debt Management Office	£30m	£10m
	UK Treasury Bills	£5m	£5m
Barclays Banking Group	Barclays Bank plc	£5m	£5m
Goldman Sachs International Bank		£10m	£10m
Lloyds Banking Group:	Bank of Scotland plc	} £10m	} £10m
	Lloyds Bank Corporate Mkt (NRF)		
Royal Bank of Scotland Group:	Royal Bank of Scotland plc	} £10m	} £10m
	National Westminster Bank		
Santander Group	Santander UK plc	£10m	£10m
Standard Chartered Bank		£10m	£10m
Nationwide BS Group	Nationwide BS	} £10m	} £10m
	Virgin Money plc (Clydesdale)		
Local Authorities			
All Local Authorities including Police & Fire		£5m	£5m
Money Market Funds and Ultra-Short Dated Bond funds			
Maximum limit of £10m per fund		£60m	£10m

Credit Ratings

	Fitch		Moodys		S&P	
	LT	ST	LT	ST	LT	ST
Minimum Criteria (unless Government backed) (please note credit ratings are not the sole method of selecting counterparty)	A-	F1	A3	P-1/P-2	A	A-1/A-2

Limit

Investment of surplus funds is permitted in each of the above organisations, limits can only be exceeded or another organisation approved with written permission of the Chief Financial Officer.

Deposit Periods

The maximum period for any deposit is based on the Link Asset Services suggested duration matrix, with a maximum of 6 months. These limits can only be exceeded with the written permission of the Chief Financial Officer.

Hub scheme deposit periods are dependent on the lifetime of the associated scheme.

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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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