

EAST RENFREWSHIRE COUNCIL

AUDIT & SCRUTINY COMMITTEE

24 JANUARY 2019

Report by Chief Auditor

INTERNAL AUDIT PLAN PROGRESS REPORT 1/10/18 TO 31/12/18

PURPOSE OF REPORT

1. To inform members of progress on Internal Audit's annual plan for 2018/19.

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 2018/19 - PROGRESS REPORT 1/10/18 to 31/12/18

3. A copy of the annual audit plan for 2018/19 is shown in appendix 1. A total of 15 audit reports relating to planned 2018/19 audit work have been issued in the quarter as shown in appendix 2. Management responses for two of the audit reports issued during the quarter have yet to be received as the due date has not yet passed. All audit responses received in the quarter have been deemed satisfactory. Responses are deemed to be satisfactory if all recommendations are accepted for implementation by management and where any recommendation is not accepted, a satisfactory reason is given. Recommendations made which were not accepted by management are detailed in appendix 3. In addition, the quarterly performance indicators for the section are shown in appendix 4.
4. Three requests for assistance or queries were dealt with using contingency time during the quarter. One of these was assistance in verifying the figures submitted within the Climate Change Report for the Environment Department, one is ongoing and relates to a query raised in relation to the tendering process and the third related to missing cash (estimated £183) and an apple tv box.

RECOMMENDATION

5. The Committee is asked to
 - (a) note Internal Audit's progress report for the quarter ended 31 December 2018.
 - (b) confirm whether they wish any of the reports issued in the quarter as detailed in appendix 3 to be circulated to audit and scrutiny committee members or submitted to a future meeting for more detailed consideration.

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 2018/19 PROGRESS REPORT as at 31 December 2018

Department	Title	Audit Number	No. of days	Status
Chief Executives	VAT	1	12	Complete
Corporate & Community	Council Tax – reductions and liability	2	24	In progress
	Creditor Payments	3	15	Complete
	Debtors control	4	10	Complete
	Housing Benefit/ Universal Credit	5	30	In progress
	Income Maximisation, money advice, welfare rights	6	30	
	Insurance Arrangements	7	8	Complete
	Members' Expenses	8	12	Complete
	Payroll	9	25	In progress
	Application controls – Payroll/HR	10	18	In progress
	Education	Parentpay	11	18
Schools Cluster 1 – St Lukes		12	32	Complete
Operation of Trust		13	15	
Wraparound care		14	35	Complete
Environment	Project management of capital projects	15	22	
	City Deal	16	15	
	Grant Certification	17	22	In progress
	State Aid	18	10	Complete
	PPP projects	19	15	In progress
	Vehicle Services	20	12	Complete
	Year end Stocktake	21	5	Complete
Housing	Housing Repairs	22	20	
HSCP	HSCP Health Care Centres and area offices – Barrhead Health and Care Centre	23	8	Complete
	HSCP Emergency payments (sect 22 & 12)	24	8	Complete
	HSCP Self Directed Support Charges	25	20	In progress
	Home Care Services	26	22	Complete
	IJB	27	20	
Trust	Community and Leisure Limited	28	20	Complete
Other	NFI	29	5	
Various	Application controls – ICON cash receipting	30	18	Complete
	Contract 1– Community Benefits	31	8	Complete
	Contract 2 – Quick Quotes	31	12	In progress
	Mobile phones	32	15	In progress
	Fraud Contingency	33	70	Ongoing
	General Contingency	34	30	Ongoing
	LG Benchmarking Framework payment of invoices	35	5	Complete
	LG Benchmarking Framework equal opportunities	35	5	Complete
	Follow up	36	50	In progress
	Previous year audits	37	20	Complete
Total			741	

Note – Audit reports issued in the quarter are shown in bold

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INTERNAL AUDIT (as at 31 December 2018)
REPORTS AND MEMOS ISSUED 2018/19

FILE REF	Audit No.	SUBJECT	Department	DATE AUDIT STARTED	DATE REPORT/ MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Total	H	M	L	E	Not accepted
MB/1051/EL	21	Year End Stock Take	Environment	17/03/18	01/05/18	N/A	N/A	No Recommendations	-	-	-	-	-	-
MB/1052/NS	28	Trust	Trust	09/04/18	30/04/18	01/06/18	25/06/18	Trust						
MB/1053/NS	23	Barrhead HCC	HSCP	10/04/18	07/06/18	13/07/18	10/07/18	Satisfactory	5	1	1	3	-	-
MB/1054/NS	8	Members' Expenses	Corp & Comm	26/04/18	23/05/18	N/A	N/A	No Recommendations	-	-	-	-	-	-
MB/1055/RM	28	Trust	Trust	30/04/18	30/08/18	05/10/18	9/10/18	Trust						
			Environment		11/10/18	17/11/18	07/11/18	Satisfactory						
MB/1056/FM	1	VAT	Accountancy	03/05/18	2/10/18	9/11/18	12/10/18	Satisfactory	5	-	-	5	-	-
			Corp & Comm				08/11/18	Satisfactory						
			HSCP				14/11/18	Satisfactory						
MB/1057/RM	36	HSCP Follow Up	HSCP	03/05/18	15/08/18	25/09/18	5/10/18	Satisfactory 1 point not accepted	18	-	5	13	-	1
			Corp & Comm				30/08/18	Satisfactory						
MB/1058/NS	36	Corp & Comm Follow Up	Corp & Comm	11/05/18	02/08/18	07/09/18	06/09/18	Satisfactory	12	-	4	8	-	-
			HSCP				3/10/18	Satisfactory						
MB/1059/NS	12	Schools Cluster 1 – St Lukes	Education	18/05/18	12/10/18	23/11/18	23/11/18	Satisfactory	38	-	22	16	-	-
MB/1060/EL	26	Homecare Services	HSCP	01/06/18	11/10/18	23/11/18	05/12/18	Satisfactory	17	1	9	7	-	-
			Corporate & Comm				19/11/18	Satisfactory						
MB/1061/EL	36	Environment Follow Up	Environment	01/06/18	06/07/18	10/08/18	04/09/18	Ext 17/08/18 Reminder 28/08 Satisfactory 1 point not accepted and long implementation dates for two noted.	8	4	1	3	-	1
MB/1062/FM	20	Vehicle Services	Environment	07/06/18	06/09/18	12/10/18	08/10/18	Satisfactory 1 point not accepted	11	-	8	3	-	1
MB/1063/RM	18	State Aid	Environment	11/06/18	1/11/18	7/12/18	26/11/18	Satisfactory	12	-	3	9	-	-
			Corp & Comm				14/11/18	Satisfactory						
MB/1064/MB	17	SPT grant 2016/17	Environment	25/06/18	18/10/18	N/A	N/A	No response required	-	-	-	-	-	-
MB/1065/FM	3	Creditor Payments	Corp & Comm	12/07/18	29/11/18	11/01/19	10/01/19	Satisfactory	5	-	1	4	-	-
			Accountancy				29/11/18	Satisfactory						

SUMMARY OF REPORTS ISSUED IN QUARTER ENDED 31 DECEMBER 2018**1. MB/1056/FM VAT**

The objectives of the audit were to ensure that:

- Responsibility for the preparation and authorisation of VAT returns is clearly defined and procedures are in place if the usual responsible officers are absent
- VAT returns are submitted timeously and are complete and accurate
- There is adequate recovery of input VAT and output VAT is properly recorded at source
- Transactions follow a defined path through systems to declaration in the VAT return
- Input VAT is not reclaimed when the Council pays legal fees for other parties
- VAT on lock-up garages is appropriately recorded and declared
- Authenticated receipts are received from contractors for all payments
- All pro-forma payments are supported by an appropriate VAT receipt

Testing showed that there are clearly defined procedures and these are followed in the preparation of the VAT return. All VAT returns in 2017/18 were submitted late but as there was no VAT due to be paid, no surcharges were levied by HMRC.

Customer First staff should ensure that receipts of income are processed correctly, taking account of VAT where applicable. Testing indicated that mistakes are still being made even though this was raised in the previous VAT audit.

Five recommendations were made, all were classified as low risk. All recommendations were accepted by management.

2. MB/1059/NS ST LUKES SCHOOL CLUSTER

The objectives of the audit were to ensure that:

- school/toy funds are operated in accordance with education guidance standard circular 23
- petty cash is operated in accordance with council procedures
- purchases are procured in accordance with council procedures
- the Home Economics Account (St Luke's High only) is properly operated
- access to system, virements and budgetary control are operated in accordance with Devolved Schools Management (DSM) procedures
- risk registers are in place and have been updated recently
- school admission checks are carried out in accordance with Council policy

There are eight establishments within this school cluster. Whilst 38 recommendations were made in total, (no high risks, 22 medium risks and 16 low risks) there is some repetition with the same recommendation being made at multiple locations. All recommendations were accepted by management.

Most objectives were being met and records held at the establishments visited were found to be up to date and maintained in an appropriate format to allow samples to be easily traced to the supporting records. Almost all of the recommendations within the report related to the school fund or toy funds.

However, it was noted that there is scope for improvement in the management of funds held at the establishments as four of the eight establishments visited did not have properly constituted school fund committees to oversee the operation of the funds. There was also a general lack of appropriate reconciliations of bank and cash balances. The bank signatories at four of the establishments also required to be updated and in some cases the number of signatories left in the establishment

increases the risk of the account not being able to be accessed.

3. MB/1060/EL HOMECARE

The objectives of the audit were to ensure that:

- Adequate records are maintained to allow the proper control of billing
- The correct charges are being applied in relation to the service provided
- All clients who are charged actually receive a service
- All clients who are receiving a service are being charged unless there is a legitimate reason for not charging
- Accounts issued are in respect of consecutive periods
- Information passed to clients on the service to be provided is clear and accurate
- Staff are paid accurately according to the hours they work (including overtime)
- Agency workers are paid only the hours they actually work
- The procedures for using the Call Confirm Live system is documented and access is appropriately controlled
- Data entry to the Call Confirm Live system is validated and accurate and outputs are controlled
- Contracted care providers supply the service required when needed and this is monitored and reviewed
- Charges paid to service providers are monitored
- Process of engaging care providers within the framework is appropriate and controlled
- Capacity monitoring takes place regularly to ensure there are resources to provide the services required.

There are issues regarding clients who are receiving a service who could potentially be charged and have not been however the team are already addressing this and working on a report currently. It is acknowledged however that there are pending legislative changes due to come into force in April 2019 which will impact on charges which can be raised.

The homecare service is generally well organised in terms of the service being provided and that the new Call Confirm Live System is improving management of staff and clients whilst easing the administrative workload, however little action has been taken to address the issues raised in the previous audit report relating to charging for services where appropriate.

No testing was carried out on capacity monitoring as officers were unable to provide evidence of this however the Locality Intensive Services Manager confirmed that the capacity within the service and external market is struggling to have sufficient resource to meet service demands and is under constant review.

Seventeen recommendations were made, of which 1 was classified as high risk, 9 as medium risk and 7 as low risk. All recommendations were accepted by management.

The high and medium risk recommendations are reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Priority should be given to ensuring that all homecare clients receiving a non-personal care chargeable service are being charged as appropriate to maximise income due to the Council.	H	Yes	Following review of services which will commence January 2019 only personal care services will be supported by the in-house service therefore no charges will be	Localities Intensive Services Manager	March 2019

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
				applicable to any homecare clients. On this basis it would not be appropriate to undertake any pending assessments.		
4.2.1	Financial re-assessments should be carried out immediately for all service users for whom a charge is raised to confirm the charges raised continue to be accurate.	M	Yes	As all personal care services for adults will be free from April 2019 no further financial assessments will be required for home care clients. In order to ensure consistency and equity across the service from January 2019 no service user will be charged for personal care services.	Localities Intensive Services Manager	January 2019
4.2.2	Financial assessments should be carried out annually for all service users receiving a non-personal care service to ensure that they are being charged in line with council policy. Service users can refuse assessment in which case tariff rates should be removed and the full charge should be raised.	M	Yes	As 4.1.1 above for home care. Any other non-personal care support will be considered as part of the HSCP individual budget contribution.	Client Finance Manager	April 2019
4.2.4	Appropriate paperwork should be filed for each client to evidence correspondence sent and any assessments carried out. Evidence of homecare assessment should be held for all service users.	M	Yes	Please see 4.2.2		
4.2.5	Service users charged the tariff rates should have their charge aligned annually with the uprated tariff rates.	M	Yes	Please see 4.2.2		
4.3.2	The employee who has been overpaid the 15% allowance as notified to HR should have this amended and the correct rate paid for future payments.	M	Yes	The allowance has been corrected.	Kath McCormack	23/11/18
4.4.1	Call up paperwork should be held on file for all clients.	M	Yes		Localities Intensive Services Manager	Completed
4.6.1	The risk assessment for testing using live data should be carried out.	M	Yes	We will carry out the risk assessment	Information Systems Manager	April 2019
4.6.2	Consideration should be given to anonymising data to facilitate testing.	M	Yes	We will work with the system provider to facilitate testing	Information Systems Manager	April 2019
4.9.1	Financial penalties should be applied in accordance with	M	Yes	Any decision regarding suspending or	Intensive	February

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
	the framework agreement or the decision not to impose financial penalties on private providers should be re-considered and formally documented and approved.			not imposing financial penalties in accordance with the framework agreement will be presented to DMT to request formal approval	Services Manager	2019

4. MB/1063/RM STATE AID

The objectives of the audit were to ensure that:

- A communications plan has been developed for the dissemination of State Aid information including a link on the Council's intranet.
- Appropriate reference is being made within Cabinet/Council reports
- An annual State Aid return is submitted to Scottish Government State Aid Unit
- There is Council representation and attendance on the Scottish State Aid Local Authority Network
- Council contract standing orders and financial regulations contain explicit reference to State Aid
- A Council-wide grant aid register has been developed together with a process for addressing State Aid
- Defined departmental roles have been established
- State Aid training has been given to relevant staff
- Department of Business & Innovation State Aid manual is held and requirements are met.

Greater assurance should be obtained that all state aid expenditure is being captured. A more robust reporting process should be established to the State Aid Unit. Items in the audit sample taken from the State Aid return could not always be traced to supporting schedules. Not all control measures which are shown in the Council's strategic risk register are being adhered to and proposed measures have yet to be implemented.

Twelve recommendations were made, no high risks, 3 medium risks and 9 low risks. All recommendations were accepted by management.

The medium risk recommendations are reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.4.1	All columns should be completed in the State Aid return template where applicable and a more robust reporting process should be established.	M	Yes		Michael McKernan	Next Return – July 19
4.4.2	All entries in the State Aid return should be able to be clearly identified in the supporting schedule and should indicate unit of measurement.	M	Yes		Michael McKernan	Next Return – July 19
4.6.1	The State Aid register should be developed and put in place.	M	Yes	Remit to the State Aid working group. Environment will develop an initial draft register.	Michael McKernan	Ongoing

5. MB/1064/MB SPT GRANT 2016/17

Two Strathclyde Passenger Transport (SPT) grants totalling £200k were reviewed and certified as required per the grant conditions. The projects reviewed related to Bus Infrastructure Improvements and Pedestrian and Cycling Improvements. All monies due to the Council from SPT in relation to these grants has been received in full. No recommendations were made.

6. MB/1065/FM CREDITOR PAYMENTS

The objectives of the audit were to ensure that:

- Invoices are properly checked and authorised prior to payment.
- Details on the creditors system agrees to the information per the purchase invoice.
- Purchase order forms are completed and authorised for purchases.
- Appropriate monitoring is carried out to highlight duplicate payments.
- BACS reports are received and checked prior to processing payment.
- Adequate records are maintained to show usage of local cheques.

The recommendations made in the previous creditors report MB/1023/RM issued during October 2017 were also followed-up during this audit.

Based on the work carried out, the creditors systems appear to be operating as expected and no significant control failings were identified.

Good progress had been made by the Creditors team in implementing previous recommendations made. The previous audit report contained 41 recommendations and it was confirmed that 37 of these recommendations had been fully implemented and the remaining four are in progress. It is noted that debtors accounts totalling approximately £33,000 raised to recover erroneous/duplicate payments remain outstanding.

Five recommendations were made, no high risks, 1 medium risk and 4 low risks. All recommendations were accepted by management.

The medium risk recommendation is reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.2	Creditors should not process Request for Payment forms where the requester and the authorised signatory are recorded as being the same person.	M	Yes	The Creditors team will be reminded in a team meeting to ensure the correct checks are carried out prior to processing any Request for Payment.	Lorna Adams	Feb 2019

7. MB/1066/RM COMMUNITY BENEFITS

The objectives of the audit were to ensure that:

- There is evidence of consideration by departments of inclusion of community benefit clauses in contracts/quick quotes (QQ) in excess of threshold established by Contract Standing Orders (CSOs)
- Purchasing departments can justify not including community benefits in contracts or quick quotes in excess of the CSOs threshold
- Community benefits fit with ERC's strategic objectives
- Use of the community benefit clauses represents value for money/best value for the Council
- Community benefits are linked to the purpose of the contract
- Reference to the use of community benefits clauses are made clear from the outset of the procurement process and included in contract terms
- Where community benefit clauses are included in contracts, there is adequate monitoring to ensure that the benefit is delivered within the timeframe and in accordance with commitment
- The number of community benefits points allocated to a particular contract are commensurate with the contract and consistent
- Projects selected from points menu are sufficient to meet the points total allocated to the contract
- Where community benefits clauses are being included, a method statement has been provided by bidders as to how the benefits will be achieved.

The procedures and controls around community benefits require to be updated and strengthened and issued to appropriate officers throughout the Council. There is a lack of clarity and awareness as to who is responsible for monitoring compliance on the part of the contractor, partly due to the standard wording included in tender documents. The profile of community benefits should be raised generally. Method statements demonstrating how benefits will be delivered should be obtained from each bidder as part of their submission and better monitoring is required of delivery of the stated benefits from the successful contractor.

Thirteen recommendations were made, no high risks, 1 medium risk and 12 low risks. All recommendations were accepted by management except for two (both of which were classified as low).

The medium risk recommendation is also reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Tracker reports should contain further and fuller information demonstrating more clearly how the fulfilling of commitments are being progressed.	Medium	Yes	Existing tracker meetings will be backed up by fuller written reports. ERC has agreed to take part in a pilot of a new Glasgow City Region community benefits tracker system, Cenefits.	Lorna Wallace	Jan 2019

8. MB/1069/NS TRUST FOLLOW UP

This was an audit carried out on behalf of the East Renfrewshire Culture and Leisure Trust, therefore details are not provided here.

9. MB/1070/NS LG BENCHMARKING FRAMEWORK – PAYMENT OF INVOICES

The objectives of the audit were to ensure that the reported performance indicator which measures the percentage of invoices paid within 30 days was materially correct.

The original figure submitted for audit for 2017/18 of 91.5% was deemed inaccurate and this was subsequently revised to 83.3% which is considered to be materially accurate.

Six recommendations were made, all were classified as low risk. All recommendations made were accepted by management.

10. MB/1071/NS APPLICATION CONTROLS – ICON CASH RECEIPTING

The objectives of the audit were to ensure that:

- Each transaction is authorised, complete, accurate, timely and input once only;
- An appropriate level of control is maintained during processing to ensure completeness and accuracy of data;
- Controls ensure accuracy, completeness, confidentiality and timeliness of output reports and interfaces;
- A complete audit trail is maintained which allows an item to be traced from its final resting place, and a final result broken down into its constituent parts;
- Arrangements exist for creating back-up copies of data and programs, storing and retaining them securely and recovering applications in the event of failure.

The ICON system is a managed system that allows the council to accept card payments whilst meeting the requirements and standards of the payment card industry. Income appears to be appropriately accounted for and each of the objectives appear to be satisfactorily met within existing procedures.

Testing carried out during the audit showed that there are appropriate controls in place to limit access to the system and access which is granted is restricted to the areas of the system required to allow employees to carry out their duties. Access to the system is also subject to annual review by the Accountancy section.

Reconciliations of income are carried out across the different services using the system and there was also evidence to show that suspense accounts are regularly reviewed and income posted to the correct destination system.

Only one recommendation was made and this was classified as low risk. This was in relation to restoring back up data to ensure that the data is complete. The recommendation made was accepted by management.

11. MB/1072/EL EDUCATION FOLLOW UP

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

A total of 23 recommendations were made in the reports being followed up. Follow-up checks carried out during the audit showed that good progress has been made in implementing recommendations previously made.

Three recommendations were made, all were classified as low risks. One of the recommendations was not accepted by management and this is shown below. It was in relation to the previous decision taken in 2006 to provide free school transport in excess of the statutory requirements. The response has been deemed acceptable.

It was also previously reported twice that catering at Eastwood and Barrhead offices continued to operate at a loss and whilst management have indicated to Audit that a review has been carried out, evidence of this has not yet been provided. The management response has now indicated that this will be provided to Audit by February 2019.

The recommendation not accepted by management is reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.2.1	Provision of free school transport in excess of statutory requirement should be brought to the attention of current members for their consideration to revise or ratify the decision.	Low	No	There are no plans to change the policy. The department considers all budget lines when making savings proposals for the consideration of elected members. This matter will be drawn to elected members consideration as appropriate.	Education Leadership Team	N/A

12. MB/1073/EL WRAPAROUND CARE

The objectives of the audit were to ensure that:

- The charging policy is clearly defined and approved by cabinet
- Procedures are in place covering the provision of the service
- Pre-5 central records of children attending agree to actual attendance records at each establishment
- Appropriate procedures are followed for sale of available wrap at trial nurseries using parentpay
- Debtors checks are carried out on all new wrap clients
- Consistency in processing wraparound charges is maintained within each nursery
- Appropriate action is taken to address unpaid accounts
- Staff time is recorded and processed in a controlled manner

For private nurseries in partnership with the council the scope was to ensure:

- 3-5 funding is only paid for children who actually attend the partnership nursery
- Appropriate checks are carried out to ensure that children for whom 3-5 funding is paid are eligible for funding
- Sufficient guidance is issued to partnership nurseries to ensure consistency over all partners in claiming and use of funds.

Partnership nurseries are funded by the council for children attending aged between 3 and 5 and have been included in this review in terms of payments made and clarifying checks on nursery registers now carried out by the Early Years Development Officer.

Wraparound charges have changed over the last few years and processes have been tightened continually and generally seem to be operating well. The excel spreadsheet used in all nurseries to calculate monthly costs was checked and found to be used well and accurate in all cases included in the audit review.

Twelve recommendations were made, no high risks, 3 medium risks and 9 low risks. All recommendations were accepted by management.

One of the medium risk recommendations is in relation to reviewing the conditions of employment for wraparound employees as the service is mainly staffed using casual workers who have no contracted hours and are only paid for the hours that they work, with no holiday pay or leave entitlements. Many of these staff have been working as wraparound staff for several years and would perhaps be entitled to some employee rights.

The other two recommendations are in relation to communication and documentation of decisions made by the Pre-5 Resource Group (PRG) who are able to allocate free nursery places to children based on the child's needs. It is important that decisions made by this group are clearly communicated to the officers responsible for raising charges for nursery places to ensure that income due to the council can be accurately controlled.

The medium risk recommendations are reproduced below with the management response.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
5.3.4	Education in consultation with HR and legal should carry out a review of the conditions of employment for wraparound staff to ensure that the council are acting appropriately and not exposing the council to potential future legal action.	M	Yes	HR are currently liaising directly with Pre-5 establishments to identify wraparound staff who may be entitled to redundancy / permanency.	HR	Ongoing
5.4.1	Output from the PRG system or an extract from the PRG minute should be provided to the Business Support Officer at each nursery where free places are being allocated to children.	M	Yes		Business Support Manager – Admin & Support (Mary Hart)	Nov-18
5.4.2	Records should be held and a clear audit trail in place to confirm PRG approval of each child who attends on a free place.	M	Yes	New database created	Business Support Manager – Admin & Support (Mary Hart)	Nov-18

13. **MB/1075/NS INSURANCE ARRANGEMENTS**

The objectives of the audit were to ensure that:

- Insurance cover is adequate to provide reimbursement for all possible losses to the Council
- Insurance is obtained at the lowest possible cost while providing adequate cover and reliability of the insurer
- Insurance cover is promptly adjusted to take account of any changes in circumstances
- Any qualifying losses are claimed promptly
- Successful claims against the Council are kept as low as possible

The objectives of the audit were generally being met and whilst eight recommendations were made, all were classified as low risk. A review of records held by the Insurance and Fraud Officer showed that information is being held between old manual records and information at work with a comprehensive record of all claims maintained via Figtree (Insurance Record System).

It was also noted that the Insurance and Fraud Officer is still receiving invoices directly from the supplier and carries out checks on these prior to passing them to creditors for payment along with a payment request form. This is not in accordance with current procedures and centralisation of invoices.

All recommendations were accepted by management except one which was classified as low.

14. MB/1077/NS HSCP EMERGENCY PAYMENTS (SECT 12 AND 22)

Target date not passed yet for management response. This will be provided to audit and scrutiny committee at a later date.

15. MB/1080/NS DEBTORS CONTROL

Target date not passed yet for management response. This will be provided to audit and scrutiny committee at a later date.

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 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 3 Actual to 31/12/18	Cumulative to 31/12/18
2. Audit Coverage.			
2.2 Actual direct audit days as a percentage of total days available	75%	70%	75%
2.3 Number of requests for assistance/queries raised by departments outwith planned audit work.	-	3	8
2.4 Percentage of planned contingency time used. (Days available exclude public holidays, annual leave and sickness absence)	<100%	10%	22%
5. Issue of Reports.			
5.1 Number of audit reports issued per quarter.	-	15	26
5.2 Ave. time in weeks from start of fieldwork to issue of report. (Note 1)	12 weeks	14.6 weeks	11.9 weeks
5.3 Ave. time taken to issue report (working days). (Note 2)	10 working days	13.9 working days	12.5 working days

Notes

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

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