

EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE16 AUGUST 2018Report by Chief AuditorINTERNAL AUDIT PLAN PROGRESS REPORT 1/4/18 TO 30/6/18**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 1/4/18 to 30/6/18

3. A copy of the annual audit plan for 2018/19 is shown in appendix 1. A total of 4 audit reports relating to planned 2018/19 audit work have been issued in the quarter as shown in appendix 2. All audit responses received in the quarter have been satisfactory and all recommendations were accepted. 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. All recommendations made were accepted by management. 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. Two of these have been cleared with no memo or report being issued and one is ongoing, the results of which will be provided within the next quarterly update.

RECOMMENDATION

5. The Committee is asked to
 - (a) note Internal Audit's progress report for the quarter ended 30 June 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 30 June 2018

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

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

INTERNAL AUDIT (as at 30 June 2018) REPORTS AND MEMOS ISSUED 2018/19														
FILE REF	Audit No.	SUBJECT	DEPT	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 Health and Care Centre	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										
MB/1056/FM	1	VAT	Chief Exec's	03/05/18										
MB/1057/RM	36	HSCP Follow Up	HSCP	03/05/18										
MB/1058/NS	36	Corp & Comm Follow Up	Corp & Comm	11/05/18										
MB/1059/NS	12	Schools Cluster 1 – St Lukes	Education	18/05/18										
MB/1060/EL	26	Homecare Service	HSCP	01/06/18										
MB/1061/EL	36	Environment Follow Up	Environment	01/06/18	06/07/18	10/08/18								
MB/1062/FM	20	Vehicle Services	Environment	07/06/18										
MB/1063/FM	18	State Aid	Environment	11/06/18										
MB/1064/MB	17	SPT grant 2016/17	Environment	25/06/18										

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

SUMMARY OF REPORTS ISSUED IN QUARTER ENDED 30 JUNE 2018

MB/1051/EL – Attendance at Housing Maintenance stocktake

Internal Audit attended the Housing Maintenance store at the depot in Thornliebank on Saturday 17th March 2018 for the purpose of the stocktaking exercise. The method of stocktaking was observed and a number of items checked before, during and after the stocktake.

The stocktake appeared to be well organised and no concerns were noted by audit. The store is in a secure location with sufficient space to allow a logical and ordered layout. Bin locations and commodity codes had been clearly affixed to each bin and this facilitated the identification of stock items. The pre-stocktake value of the stock on the system was £59,481 and was adjusted to £59,542 after the stock had been counted meaning a net adjustment of £61 has been made. Of the variances there were no large or unusual differences. No recommendations were made.

MB/1052/NS – This was an audit carried out on behalf of the East Renfrewshire Culture and Leisure Trust, therefore details are not provided here.

MB/1053/NS – Barrhead Health and Care Centre

The audit focussed on the work of the Business Support Team and covered the following areas:

- Purchasing
- Inventory
- Staff existence and absence monitoring checks
- Security Checks
- Client Monies

The only weaknesses found in relation to the records examined were in the areas of purchasing and inventory and five recommendations were made, 1 high risk, 1 medium risk and 3 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	Accept Yes/ No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	All orders should be raised prior to the goods or services being procured and should never be as a result of an invoice being received.	Medium	Yes	BSM will remind all Business support staff of the requirement to raise an order for all goods and services which are not exempt.	Business Support Manager	30.8.18

4.1.3	Evidence of a formal processing agreement being in place with the company storing old client files should be obtained and a copy passed to Audit. Any future agreements entered into in relation to file storage must have a processing agreement and should be passed to the Data Protection Officer for inclusion in the Council's formal documentation.	High	Yes	Process agreement has been sent to company to agree.	Business Support Manager	30.8.18
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MB/1054/NS – Members' Expenses and Allowances

The objectives of the audit were to ensure that:

- Expenses and allowances paid are correct in accordance with the Statutory Instrument and Approved Scheme of Members' Remuneration and Expenses.
- Members Allowances and expenses are only paid in respect of approved duties and there is evidence to support the claim.
- Adequate steps are taken to detect and prevent erroneous/fraudulent claims.
- Claim forms are submitted for reimbursement on a regular basis and all relevant records are updated accordingly.
- Expenses and allowances are administered in accordance with the Council's Financial Regulations.
- Conference Attendance Expenses are being adhered to in accordance with the scheme in place relating to conference expenses.

The number of Members submitting claims and the actual number of claims had reduced significantly since the previous audit of this area in 2013/14. Claims held by payroll for 2017/18 showed that there had been a total of 14 claims by 5 Members in addition to two conference claims (previous audit, 83 claims by 13 members in 2012/13) and total expenses claimed for reimbursement between April 2017 and May 2018 totalled £1,464.30. Based on testing carried out it is concluded that there is adequate control over the recording and administration of Members' expenses and allowances and whilst minor points were noted, the Democratic Services Manager has agreed to action these immediately so no recommendations are made.

**EAST RENFREWSHIRE COUNCIL
Internal Audit Section**

QUARTERLY PERFORMANCE INDICATORS

<u>Internal Audit Indicators reported Quarterly</u>	Target (where applicable)	Quarter 1 Actual to 30/6/18
2. Audit Coverage.		
2.2 Actual direct audit days as a percentage of total days available	75%	73%
2.3 Number of requests for assistance/queries raised by departments outwith planned audit work.	-	3
2.4 Percentage of planned contingency time used. (Days available exclude public holidays, annual leave and sickness absence)	<100%	7%
5. Issue of Reports.		
5.1 Number of audit reports issued per quarter.	-	4
5.2 Ave. time in weeks from start of fieldwork to issue of report. (Note 1)	12 weeks	5.3 weeks
5.3 Ave. time taken to issue report (working days). (Note 2)	10 working days	8.5 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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