

EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE17 FEBRUARY 2022Report by Chief AuditorINTERNAL AUDIT PLAN PROGRESS REPORT 2021/22 QUARTER 3**PURPOSE OF REPORT**

1. To inform members of progress on Internal Audit's annual plan for 2021/22 as approved in September 2021.

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 2021/22 - PROGRESS REPORT QUARTER 3

3. A copy of the annual audit plan for 2021/22 is shown in appendix 1. Four audits relating to planned 2021/22 audit work were completed in quarter 3 as shown in appendix 2. Appendix 3 gives details of three reports which were carried out as part of the 2021/22 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 and where any recommendation is not accepted, a satisfactory reason is given. The quarterly performance indicators for the section are shown in appendix 4. Some indicators are not being met due to COVID19 restrictions on audit work that can be carried out during lockdown and delays in departments responding to audit queries.

4. One audit relating to planned 2020/21 audit work is still in progress and it is hoped that this can be issued soon.

5. Due to unforeseen circumstances leading to a reduced number of audit days being available during 2021/22 it is very unlikely that the full Audit Plan, as approved by the Audit and Scrutiny Committee, will be completed. Work is underway to prioritise the audit work required to ensure Year End assurance will be completed. A further update and Audit Plan for 2022/23 will be provided to the Audit and Scrutiny Committee in due course

RECOMMENDATION

6. The Committee is asked to:

- (a) note Internal Audit's progress report for quarter 3 of 2021/22 and
- (b) confirm whether they wish any of the reports 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.

BLANK PAGE

EAST RENFREWSHIRE COUNCIL
Internal Audit Section
ANNUAL AUDIT PLAN FOR 2021/22 PROGRESS REPORT

Department	Title	Audit Number	Original No. of days	Status
Chief Executives	Corporate Procurement Cards	1	15	In progress
Corporate & Community	Payroll	2	28	In progress
	Creditor interfaces, e-invoicing	3	18	In progress
	Debtors	4	24	
	Housing Benefits/Universal Credit	5	30	
	Clothing grants, free school meals	6	12	In progress
	Council tax – reductions and liability	7	24	In progress
Education	Environmental controls – Education	8	10	Complete
	Schools cluster	9	32	
Environment	Clyde Valley Contract Group	10	13	Complete
	Grant certification	11	15	
	Gas Servicing	12	15	
	City Deal	13	15	
	Climate Change Report	14	5	
	COVID business grants	15	25	
	Energy and Fuel	16	15	
Housing	Housing Repairs	17	20	Complete
	New Council Houses	18	24	
HSCP	Care First Finance System	19	20	In progress
	Kinship, fostering and adoption	20	16	
	IJB	21	15	
Trust	Culture and Leisure Limited Trust	22	20	In progress
Various	Contract 1 TBA	23	20	In progress
	Application Audit	24	18	
	Fraud contingency	25	70	
	General Contingency	26	30	
	LG Benchmarking Framework	27	10	
	Follow up	28	50	
	Previous year audits Note1	29	52	
Total			661	

Note 1 previous year audits were completed with the exception of one which should be issued soon.

BLANK PAGE

+

SUMMARY OF 2021/22 REPORTS ISSUED WHERE RESPONSES WERE RECEIVED SINCE LAST PROGRESS REPORT**1. MB1149EL Housing Repairs**

The scope of the audit was agreed with the Head of Environment (Strategic Services) and covered the following areas:

- Written procedures for housing repairs are in place
- Housing repairs are carried out in accordance with legislation and the Councils agreed policy/procedures
- There is documentary evidence to support all housing repairs and maintenance transactions
- Property records are kept up to date
- All relevant records are updated to record repairs carried out
- All repairs and maintenance work is correctly carried out and valued
- All repairs and maintenance work is initiated and recorded promptly and carried out within the specified timescales
- All repairs and maintenance transactions are legitimate and appropriate
- There are mechanisms in place to ensure that repairs are completed to a satisfactory standard
- Appropriate guidance was put in place and implemented to address additional safety measures required due to COVID

With the advent of the covid 19 pandemic and national lockdown many of the points raised in the last audit had not yet been implemented and there were initial difficulties in ensuring services could be provided in the working from home environment which has had an impact on the items raised in this report.

There are some differences between the systems used in terms of the number of properties between OHMS and Apex and the job status between OHMS and Servitor. Also there are recommendations made around the recharging process which is already under review and monitoring of contractor performance which requires immediate action.

Seventeen recommendations were made, one was classified as high risk, six were classified as medium risk with the remaining ones as low risk. All recommendations were accepted by management. The high and medium risk recommendations are reproduced below with the departmental responses

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.2.1	An annual review of OHMS, Servitor and Apex users should be carried out by asking all departments (if necessary) to confirm that users still require access to the system. Documentary evidence of the exercise should be held as evidence of action taken.	Medium	Yes	The systems team will carry out a systems user audit at financial year end. Housing Services users have access permissions disabled if they leave. However, agreed that we are not informed of leavers in other departments.	Suzanne Conlin	31/3/22

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.4.1	<p>Regular checks should be carried out using the new report produced by the Systems Development Officer to compare job status and costs between OHMS and Servitor to ensure consistency of information and job costings.</p> <ul style="list-style-type: none"> Evidence of these checks should be held Responsibility should be allocated to an individual or team to carry out these checks Appropriate training should be provided to ensure sufficient knowledge of the systems to address issues highlighted. 	Medium	Yes	Will be carried out monthly by Business Improvement Team. An online checker has been created by the Systems Team and only requires to be refreshed. Errors are infrequent and a monthly check will result in less to be resolved	Suzanne Conlin	31/1/22
4.5.2	Consideration should be given to targeting resource to the jobs with the status 'billable' to ensure that the numbers still to be raised are reduced in good time.	Medium	Yes	As above	Suzanne Conlin	31/3/22
4.6.1	Housing Benefit and Council Tax Teams should be notified of all decants in order that they are aware of potential changes and can monitor situations relating to payment of benefit at properties.	Medium	Yes	All will be addressed in the ongoing review of Neighbourhood Housing Officers processes/procedures and development of the new Housing Management software, NEC.	Suzanne Conlin	March 2022
4.7.2	More specific timescales should be given when work is submitted or quoted for and monitoring of this should take place and an audit trail maintained so that targets on individual property and summary basis are available.	High	Yes	Technical Officers have been sent an e-mail reminder by the Repairs Delivery Manager and he will carry out a monthly random sample to ensure compliance.	Jamie Macdonald	Completed
4.7.3	Charges received from all contractors should be checked to SOR's or quotes received prior to payment and authorisation.	Medium	Yes	Technical Officers have been sent an e-mail reminder by the Repairs Delivery Manager and he will carry out a monthly random sample to ensure compliance.	Suzanne Conlin	Completed
4.7.4	Evidence should be held of all post-repair calls relating to jobs on the system to provide a full audit trail.	Medium	Yes	Telephone calls will be recorded in OHMS and then NEC Housing.	Suzanne Conlin	Completed

2. MB/1150/NS Schools Cluster Audit (Woodfarm HS)

The objectives of the audit were to:

- ensure that school fund/toy funds is operated in accordance with education guidance standard circular 23

+

- ensure petty cash is operated in accordance with council procedures
- ensure purchases are procured in accordance with council procedures
- ensure that the Home Economics Account (Woodfarm High only) is properly operated
- ensure access to system, virements and budgetary control are operated in accordance with Devolved Schools Management (DSM) procedures
- ensure risk registers are in place and have been updated recently
- ensure that school admission checks are carried out in accordance with Council policy

The records held at the establishments visited were generally found to be up to date and maintained in an appropriate format to allow samples to be easily traced to the supporting records. No recommendations have been made for one of the five establishments visited.

However, it was noted that there is scope for improvement in the management of funds held at four of the five establishments visited. It was noted that the bank accounts are being operated with a less than the minimum number of signatories which could cause difficulty in accessing funds in the event of staff changes or long term absence. It was also noted that the constitutions do not always provide specific detail on the limits that are being applied for authorising expenditure. In relation to income sources to the funds reviewed, there is scope for improving the audit trail available to support the amounts being received.

Fifteen recommendations were made, six were classified as medium risk with the remaining ones as low risk. All recommendations were accepted by management. The medium risk recommendations are reproduced below with the departmental responses.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
BRAIDBAR PRIMARY						
4.2.1	The number of bank signatories should be reviewed to ensure that the number is sufficient to allow the account to be operated in the event of staff changes or long term absence.	Medium	Yes	The bank account was originally left as is due to the short-term nature of the secondment of the signatory. HT will be advised to add an additional authorised signatory to ensure we adhere to the audit recommendations	Head Teacher (Gillian Friel)	April 2022
GIFFNOCK PRIMARY						
5.1.1	The number of bank signatories should be reviewed to ensure that the number is sufficient to allow the account to be operated in the event of staff changes or long term absence.	Medium	Yes	Bank accounts have been updated in August 2021. Unfortunately, the audit was carried out during the change of staff.	Head Teacher (Rob Lawson)	August 2021
THORNLIBANK PRIMARY						
6.2.1	The Treasurer should ensure that receipts are obtained for all items of expenditure, especially those of a high value and only use the disbursement form for minor un-receipted items.	Medium	Yes	The payments were donations to charity and were clearly marked as such. High Value payment request form has now been set up to cover such payments in the future.	Head Teacher (Jenni Miller)	December 2021

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
6.3.1	The next audit of the nursery and school fund accounts should be carried out by a person independent of the team responsible for the daily management and operation of the funds.	Medium	Yes	The accounts have now been audited by the Treasurer of the Parent Council	Head Teacher (Jenni Miller)	October 2021
6.4.1	The number of bank signatories should be reviewed to ensure that the number is sufficient to allow the account to be operated in the event of staff changes or long term absence.	Medium	Yes	Arrangements will be made to add Jennifer Wilson DHT to the signatories.	Head Teacher (Jenni Miller)	April 2022
WOODFARM HIGH						
7.1.1	The number of bank signatories should be reviewed to ensure that the number is sufficient to allow the account to be operated in the event of staff changes or long term absence.	Medium	Yes	The bank accounts signatories have now been updated. The audit was carried out during the changeover of HT's hence the reason for the recommendation.	Business Support Manager (Cathie Gibson)	November 2021

3. MB/1152/NS Environment Follow Up

A full copy of this report and the responses will be circulated to Audit and Scrutiny Committee Members in the near future.

A total of 15 recommendations were made again in the reports being followed up. The majority of the recommendations followed-up had been fully implemented, although several remain outstanding and are included again in this report. It was noted that the reason for the recommendations remaining outstanding was mainly due to Covid restrictions placing additional pressures on the department which resulted in resources not being available to meet the original timescales set.

All recommendations were accepted by management.

4. MB/1157/NS CLIMATE CHANGE REPORT

There is no report output for this audit as the prime objective is to verify the accuracy and reasonableness of the figures submitted in this return which the Environment Department have to submit to Scottish Government annually. No recommendations were made.

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

EAST RENFREWSHIRE COUNCIL
Internal Audit Section

QUARTERLY PERFORMANCE INDICATORS

<u>Internal Audit Indicators reported Quarterly</u>	Target (where applicable)	Quarter 3 Actual 2021/22	Cumulative Actual 2021/22
2. Audit Coverage.			
2.2 Actual direct audit days as a percentage of total days available	75%	79%	76%
2.3 Number of requests for assistance/queries raised by departments outwith planned audit work.	-	-	2
2.4 Percentage of planned contingency time used. (Days available exclude public holidays, annual leave and sickness absence)	<100%	28%	71%
5. Issue of Reports.			
5.1 Number of audit reports issued per quarter.	-	4	6
5.2 Ave. time in weeks from start of fieldwork to issue of report. (Note 1)	12 weeks	17.27	15.52
5.3 Ave. time taken to issue report (working days). (Note 2)	10 working days	14	15.6

Notes

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

BLANK PAGE