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**INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2015 - 2016**


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**1. EXECUTIVE SUMMARY**

- 1.1 There are 7 audits being reported to the Audit Committee, 6 have substantial assurance and one has a limited assurance opinion.
- 1.2 Internal Audit provides a level of assurance upon completion of audit work, this is evaluated as follows:

<b>Level of Assurance</b>	<b>Reason for the level of Assurance given</b>
<b>High</b>	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with.
<b>Substantial</b>	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
<b>Limited</b>	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
<b>Very Limited</b>	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues.

- 1.3 The attached reports contain the action plans which detail those recommendations where Internal Audit in agreement with management has classified the findings either high or medium. Recommendations classified as low have been removed.
- 1.4 A high level summary of each report is noted below:
- **PROCUREMENT (PECOS):** This audit has a Limited level of assurance. A number of key control weaknesses were identified. These were in relation to authorisation controls whereby approved signatory list did not match the PECOS approval groups. No evidence of prescribed approval limits. Evidence of manual input leading to double entry. A failure to maintain an appropriate audit trail and general housekeeping issues.

- **TAXI LICENCING:** This audit provided a substantial level of assurance. The Audit tested compliance with Taxi and Private Hire Car Licensing Best Practice Guidance for Licensing Authorities, April 2012 which provides information on issues that officials within licensing authorities should take into account when designing and implementing their local licensing procedures. It was evidenced that Argyll & Bute Council has policies and procedures in place in respect of Taxi Licensing arrangements which are generally in line with the Civic Government (Scotland) Act 1982 and best practice guidelines. Some minor issues were identified in relation to data recording /record keeping.
- **TENDERING:** This audit provided a substantial level of assurance with general good practice and adherence to comprehensive guidance which is in place. There are however elements of residual risk which are slightly above an acceptable level and these relate to incomplete records, records management, authorisation protocols, use of available checklists and mobilisation timescale periods.
- **PERFORMANCE MANAGEMENT:** This audit provided a substantial level of assurance. The design and accuracy of the 7 outcomes from the Council Scorecard were tested down through the levels to 298 sub-measures. Results provided assurance of little residual risk in respect of controls in place. Some issues were identified, which although not demonstrating a general trend require to be addressed. These were in relation to clarity of base data information /calculation, missing data, manual input and housekeeping controls.
- **RISK MANAGEMENT:** This audit provided a substantial level of assurance. This audit was undertaken by Grant Thornton, Internal Audit partners. Overall they have reported that internal controls in place to support risk management are generally well designed and operating in practice. Recommendations include ensuring actions within the Strategic Risk Registers are framed in SMART terms and a revised operational risk register review process is considered.
- **EDUCATION ATTAINMENT – LOOKED AFTER CHILDREN:** This audit provided a substantial level of assurance. The Education service has a Service Plan in place that includes service outcomes with improvement and performance measures to support the educational additional support needs of children and young people. A Corporate Parenting Board has been set up and a Corporate Parenting Policy and Strategy is in place. There are a number of initiatives in secondary schools aimed at improving attainment levels of Looked After Children (LAC). There are also a number of guidance documents and procedures available for staff, however, it was not evidenced that there is an overarching document or policy statement in place. Named person contact arrangements are identified as a potential issue however management assurance is in place in respect of on-going discussions.
- **EARLY YEARS:** This audit provided a substantial level of assurance. Adequate arrangements are in place in respect of identifying children eligible for childcare. Service activity is in line with the relevant guidance. A commissioning strategy is in place and adequate arrangements are in place in respect of payment controls. Although not a general trend some control weaknesses were identified in relation to Segregation of duties, formal documenting of the system or process and security of data.

## **2. RECOMMENDATIONS**

- 2.1 Audit Committee note the content of this summary report and detail within each individual report.

## **3. CONCLUSION**

- 3.1 Management has accepted each of the reports submitted and have agreed responses and timescales in the respective action plans. The total number of recommendations made within the 7 audits was 39, with 5 of these being rated high.

## **4. IMPLICATIONS**

- 4.1 Policy - None
- 4.2 Financial - None
- 4.3 Legal - None
- 4.4 HR - None
- 4.5 Equalities - None
- 4.6 Risk - None
- 4.7 Customer Service – None

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**4 December 2015**

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