
INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2016 - 2017

1. EXECUTIVE SUMMARY

- 1.1 There are 9 audits being reported to the Audit Committee.
- 1.2 Internal Audit provides a level of assurance upon completion of audit work, this is evaluated as follows:

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the management of risk are at a high standard with only marginal elements of residual risk identified, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are being consistently applied.
Substantial	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal Control, Governance and management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.
Limited	Internal Control, Governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal Control, Governance and management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources 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:

- **Capital Projects – Design Protocols:** This audit provided a limited level of assurance. The audit focused on the consultation protocols in place with 3rd parties such as Communities, Utility companies and the Police in regard to both Road and Bridge strengthening projects. Whilst 3rd party consultation was evidenced as having taken place, weaknesses were identified in that there were no formal consultation protocols available for both Roads and Bridge strengthening. In addition there was an absence of a concise audit trail where consultation had taken place.
- **Disposal of Equipment:** This audit has provided a substantial level of assurance. The audit focused on compliance with the Council's Financial and Security Regulations and the practical application of policies and procedures. Site visits were undertaken and a sample of obsolete plant, vehicles, furniture and equipment with a value of less than £10,000 was tested. Clearer guidance is required in the form of an overarching policy and procedures at local level to aid compliance with relevant legislative requirements and to provide best value to the Council.
- **Townscape Heritage Initiative:** This audit has provided a substantial level of assurance. The audit focused on project compliance, delivery of outcome, including controls in place to monitor progress, monitor compliance and the governance arrangements in place including financial controls. Adequate accounting procedures and records are in place in respect of the HLF grant claims and progress report submissions. This includes supporting evidence in terms of invoices for eligible spend. Some weaknesses were found in relation to regularity of interaction with Strategic Finance and availability of financial information within Committee reports.
- **Criminal Justice:** This audit provided a substantial level of assurance. A partnership is in place with East and West Dunbartonshire to form the Argyll, Bute and Dunbartonshire's Criminal Justice Partnership. Adequate governance performance and financial reporting arrangements are in place. Minor areas of weakness were identified in relation to timely reporting and documented internal procedures.
- **Freedom of Information:** This audit has provided a substantial level of assurance. The audit focused on key controls to capture and respond to Freedom of Information requests across all departments as per timeframe and legislative requirements. General control areas and systems are in place with documented procedures and clearly defined roles and responsibilities. The year on year compliance rate is approximately 93%. Although not a system weakness, a residual risk was identified in respect of performance with one service consistently below average response rates.
- **Homecare Contract Compliance:** This audit provided a substantial level of assurance. The audit focused on agreed contractual arrangements with external providers with particular focus on the monitoring and controls in place. Procurement and Commissioning team have procedures in place for both the monitoring of external contracts and reporting thereof. Weaknesses were identified in regard to regular reviewing of procedures and incomplete record keeping.

- **Housing and Repair Grants:** This audit has provided a substantial level of assurance. The focus of the audit was to assess controls in place throughout the private sector housing grant process and ensure that adequate evidence of expenditure is provided. There are procedures in place to aid compliance with legislative requirements. Appropriate records management practices are in place although notes fields on the ABRITAS system require to be updated to evidence inspection work undertaken.
- **Staff Parking Permits:** This audit has provided a no assurance level. The audit focused on the issue/use of staff parking permits and compliance with any available policies and procedures. Free parking is available at most Council locations with one exception, being Albany St, Oban. Parking permits are generally issued to staff where there is a business requirement. Weaknesses found include segregation of duties, availability of any documented procedures, no evidence of control restrictions regarding the number of permits that can be issued and no evidence of business justification in respect of permits issued. There was also no evidence of management authorisation together with the absence of any documentation/audit trail for some permits issued.
- **Project Certification:** This audit provided a substantial level of assurance. The main objective of the audit was to review key arrangements for project certification including retention of documentation and record keeping in respect of SPT projects. Adequate arrangements are in place with regular interaction and reporting between key stakeholders. Minor weaknesses identified in relation to authorisation protocols and the availability of documented workflows or processes.

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.

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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