

INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2016 - 2017

1. EXECUTIVE SUMMARY

- 1.1 There are 7 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 findings where Internal Audit, in agreement with management, has classified the findings either high or medium. Findings classified as low have been removed.

1.4 A high level summary of each report is noted below:

- **Adult Care – Charging Scheme – Waivers:** This audit has provided a No Assurance level. The Council has a charging policy in place; however there are no written procedures to support the application of the policy resulting in potential inconsistency in application across the Council area. A number of weaknesses were identified in relation to roles and responsibilities, recording keeping and financial overview. Twelve action points were agreed as part of this audit.
- **CAA Compliance – Oban Airport:** This audit has provided a Reasonable level of assurance. It was evidenced that logs and documentation are in place with regard to compliance with requirements as stipulated in the Aerodrome manual in relation to the Rescue and Firefighting service. Weaknesses were identified regarding a number of training exercises which were overdue and a number of sections within the manual required to be updated.
- **Census Submission Protocols:** This audit has provided a Reasonable level of assurance. It was evidenced that Community Services procedures and controls have in place that support the guidelines set out in ScotXed guidance of August 2015 and that these have been followed. Weaknesses were identified in regard to reconciliations and to periodic checking of staffing levels during the academic year.
- **Hub North:** This audit has provided a Substantial level of assurance. It was evidenced that the Council has in place a qualified and sufficiently resourced project team to deliver new schools project for both Oban High School and Campbeltown Grammar and that adequate governance arrangements are in place to monitor the delivery thereof. A minor issue was identified in that clarification was required in regard to what would constitute a material change to either the scope or timescale for both projects.
- **Leader –** This audit has provided a reasonable level of assurance. Adequate arrangements are in place in respect of claims processes, project record keeping and liaison with key stakeholders. The audit identified that some remedial action is required in respect of internal record keeping and financial monitoring protocols and liaison between Service and Support staff.
- **Resource-link -** This audit has provided a high level of assurance. Good governance and reporting was evidenced as being in place with progress reported to an overview board and detail provided in respect of issues, risks and slippage. Material changes to scope were also evidenced as being appropriately authorised. Available functionality should, if implemented, provide efficiencies and improve customer and management information.
- **Strategic Finance:** This audit has provided a reasonable level of assurance. A financial monitoring framework is in place which outlines roles and responsibilities and covers the various stages of the budget monitoring process and budget preparation processes. General controls were found to be satisfactory. Comprehensive reporting protocols are in place. Specific weaknesses were identified in relation to the elements of the budget setting process not being formally documented, the absence of a mechanism to record planned earmarking within the budget monitoring process and completeness of records.

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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