



**Internal Audit Report**

Final

Customer Services

**Review of Following the Public Pound**

March 2011

## **1 INTRODUCTION**

This report has been prepared as a result of the Internal Audit review of Following the Public Pound as part of the 2010 - 2011 Internal Audit programme.

A review was carried out in 2009 - 2010 and a number of actions and implementation dates were agreed with staff within Customer Services.

## **2 AUDIT SCOPE AND OBJECTIVES**

The broad objectives of the review were to:

- Review the progress made with the agreed action points from the 2009/10 review;
- Review the evidence that actions have been completed; and
- Agree any revised implementation dates for actions not yet completed.

## **3 RISK ASSESSMENT**

As part of the audit process and in conjunction with our Systems Based Auditing (SBA), Internal Control Questionnaire (ICQ) approach, the risk register was reviewed to identify any areas that needed to be included within the audit.

SR16 Failure to have a robust internal control process and system.

## **4 CORPORATE GOVERNANCE**

There are no Corporate Governance issues to be reported as a result of this audit.

## **5 MAIN FINDINGS**

There were 9 action points in the 2009 - 2010 report to be addressed. One of the actions had to be completed by 31 October 2010, 7 to be addressed by 1 April 2011 and 1 to be addressed by 30 September 2013.

The first action point due by 31 October 2010 is complete, one of the actions to be completed by 1 April 2011 has been addressed, 6 are on still on course and one has had to be rescheduled.

## 6 RECOMMENDATIONS

Three recommendations were identified as a result of the audit two of which are graded as high and one low. The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definitions of each classification are set out below:-

**High** - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

**Medium** - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

**Low** - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

## 7 AUDIT OPINION

It is the opinion of Internal Audit that progress has been made in applying the principles of Following the Public Pound and the register of payments to outside organisations is being reviewed and updated.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

## **8 ACKNOWLEDGEMENTS**

Thanks are due to the Service Commissioning Manager, Customer & Support Services and her staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for the use in the provision of an internal audit service to the council. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

## APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	The register of payments to outside bodies was not up to date. However, Internal Audit has been advised that this Register will be replaced by a Contract Register that will be reviewed and updated on a regular basis.	High	The Register of Contracts to outside organisations should be reviewed and updated on a regular basis to ensure that named contacts are up to date.	Head of Customer & Support Services	31 July 2011
3	SLAs were found not to be complete as they did not include the principles of Following the Public Pound.	High	A note will be issued to the relevant teams stating that when developing an agreement with an outside body all sections of the Following the Public Pound code. This recommendation is currently being implemented.	Head of Customer & Support Services	31 May 2011