



**Internal Audit Report**

Chief Executive's Unit

**Review of Year End Stock**

May 2012

## **1 INTRODUCTION**

As part of our annual audit programme for 2012 – 2013, Internal Audit undertook a review of 2011 -12 year-end stock. The year-end stock review covered stores within 2 departments Community Services and Development & Infrastructure. Internal audit secured a copy of stock-taking procedures and undertook stock count checks.

Within Development and Infrastructure, there is only one store holding stock records, the Roads Lighting Store, which is located in Lochgilphead which issues stock to all areas within Argyll and Bute. All other purchases are ordered as required and booked directly to jobs.

The internal audit review of stock also covered the Integrated Equipment Service (IES) store which is joint future agreement between Argyll and Bute Council and NHS Highland. All stock and assets for IES are purchased by Argyll and Bute Council. IES controls stock at a number of locations. NHS Highland hosts the service and control stock input, output and record keeping.

## **2 AUDIT SCOPE AND OBJECTIVES**

The broad objectives of the review were to:

- Ensure departmental procedures for the year-end stock-take were adequate as agreed with Internal Audit; and
- Ensure that a sample count of stock held at various stores is accurate.

## **3 RISK ASSESSMENT**

As part of the audit process and in conjunction with our Systems Based Auditing, 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**

- The audit review found that the year-end stock procedures for Development and Infrastructure were comprehensive.
- Internal audit was pleased to note that the IES stock control processes had improved since last year's review, resulting in a significantly lower stock variance.
- The IES have also been undertaking stock checks during the year and this has helped improve the year end stock count.

## **6 RECOMMENDATIONS**

No recommendation was identified as a result of the audit.

## **7 AUDIT OPINION.**

Based on the findings of the stock checks undertaken it can be concluded that the Development & Infrastructure, Roads Lighting Store has demonstrated that they have procedures in place for ensuring stock figures are correctly stated in the financial statements. With regard to the Community Service IES stock control, processes have improved significantly from last year, which has resulted in a more accurate year end stock figure.

## **8 ACKNOWLEDGEMENTS**

Thanks are due to the;

- Finance Manager – Corporate Support
- Senior Accountant – Community Services
- Integrated Equipment Store Manager
- Development and Infrastructure 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.

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