



Internal Audit Report

Customer Services
Catering Review

May 2013

1. INTRODUCTION

- 1.1 As part of the Annual Audit Plan for 2013/14 Internal Audit undertook a review of the Catering Service within both Primary and Secondary schools.
- 1.2 The Catering Service for 2012/13 provided 1,025,910 meals which attracted direct staff costs of £2,516,634 with supplies and services costing £1,150,744. This compares favourably when compared to the 2012/13 budget allocation.
- 1.3 The audit covered all major areas of the service delivery including quality systems, performance comparison with other authorities, nutritional guidelines, training plans, safe food systems, menu development, customer satisfaction feedback and financial systems reporting in the kitchens.
- 1.4 Procedures and Controls were also reviewed.

2. AUDIT SCOPE AND OBJECTIVES

- 2.1 An Audit Agreement Document (AAD) was prepared and forwarded to the Head of Service and the Operations Manager for their agreement following the pre audit discussion meeting. The AAD set out the main objectives of the audit approach and scope with the following areas to be looked at:
 - Quality Systems;
 - Performance comparison with other authorities;
 - Nutritional guidelines;
 - Training records;
 - Safe food systems;
 - Menu development;
 - Customer satisfaction feedback; and
 - Financial systems reporting in the school kitchens.

3. RISK ASSESSMENT

- 3.1 Risk Registers were reviewed to establish whether there were any that related to the review undertaken and it was found that the areas to be included in the audit were:
- 3.2 SR16: Failure to have a robust internal control process and system;

4. CORPORATE GOVERNANCE

- 4.1 There were no Corporate Governance issues to be reported as a result of this audit.

5. MAIN FINDINGS

- 5.1 Catering Service is fully compliant with the requirements of the external verification process and has demonstrated on going improvements to their internal quality management processes.
- 5.2 Catering Service has procedures and controls in place to fulfil the ISO 9001:2008 requirements and maintain their accreditation.
- 5.3 Copies of the Quality Manual had not been distributed to all school kitchens.
- 5.4 Internal Audit found that corrective actions resulting from both external and internal catering audits are recorded but without implementation dates.
- 5.5 Benchmark performance against other Councils compares favourably other than in relation to the price of school meals where rural factors dominate.
- 5.6 Catering Services set menus that meet the nutritional guidelines.
- 5.7 Individual staff training records were found to be up to date with staff having attended the required training programmes.
- 5.8 Processes tested at the school kitchens were found to comply with the Safe Food manual.
- 5.9 Menus not only meet the nutritional requirements as laid out in legislation but also the cost constraints of the Catering budget.
- 5.10 School kitchens complete a monthly report on the cost of the school meals as a percentage of the revenue; a more meaningful measure would be to divide the cost of the school meals for that month by the number of meals provided and compare this to the budget for the school.
- 5.11 Internal Audit found that staff have access to computer systems at only 9 out of 81 schools (11%). This covers 49.2% of the entire school rolls (99.6% of secondary schools and 10.6% of primary schools).

6. RECOMMENDATIONS

- 6.1 Three recommendations were identified as a result of the audit. These have the following priority ranking, one Medium and two Low. The recommendations are shown in the action plan attached at Appendix 2 and have been compiled with the co-operation and agreement of senior management.
- 6.2 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 they will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Management, if it

decides not to implement recommendations, must evaluate and accept the risks associated with that decision.

- 6.3 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 high, medium or low. 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

- 7.1 It is the view of Internal Audit that based on the findings of our audit, procedures and controls as specified in the Quality Manual are adhered to by the Catering Service and that ISO 9001:2008 requirements for both Nutritional and food safety are being met. The Catering Service has received good reviews from external agencies and despite the rural challenges as outlined in section 5.7 above, is achieving high performance when benchmarked against other Councils.
- 7.2 Recommendations arising from the audit work should be implemented by the nominated responsible officer/s 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

- 8.1 Thanks are due to the following Officers and staff for their co-operation and assistance during the Audit and the preparation of the report and action plan:
- Head of Facility Services;
 - Operational Manager;
 - Regional Managers;
 - Catering Managers; and
 - Food and Nutritional Officer.

- 8.2 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.
- 8.3 This report is private and confidential for the Council's information only and is solely for 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	Internal audit noted that the Catering Services initiative regarding deployment of IT/Software to school kitchens. The audit identified potential benefits from deploying IT/Software to kitchens in improving performance , menu development , integration of quality systems , financial savings and parental on line payment facilities.	Medium	A project initiation document (PID) should be prepared which formalises the initiative commenced by Catering Services outlining objectives.	Operations Manager/ICT Liaison Officer	Complete 13 August 2013
2	A copy of the quality manual has only been forwarded to a number of key personnel and to those kitchens where the Catering Manager carries out internal peer reviews.	Low	A copy of the Quality Manual should be sent to all Kitchens	Operations Manager	Complete 28 September 2013
3	Corrective actions are highlighted by audit reports and these are summarised per the Common issues report. However there is no report that shows dates that corrective action has been implemented.	Low	That the common issues report is updated to show a column stating the date that the corrective action has been implemented	Operations Manager	Complete 30 June 2013