

INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2014 - 2015

1. EXECUTIVE SUMMARY

- 1.1 There are seven audits being reported to the Audit Committee. Six audits have a substantial level of assurance with one being rated as limited assurance.
- 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, which are either being accepted or dealt with.
Substantial	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Limited	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
Very Limited	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource 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:

- **Airports:** This audit has provided a substantial level of assurance with good evidence of compliance with the procedures set down in the Aerodrome Operating Manual. The report highlights two areas for further action being the closure of outstanding audit action points and a housekeeping issue in respect of records held.
- **Customer Service Centre:** This audit has provided a substantial level of assurance. Adequate arrangements are in place in respect of monitoring compliance and performance in relation to Customer Charter measures. Weaknesses were identified in relation to follow up protocols where service departments do not have access to Lagan system.
- **Fisheries Local Action Group (FLAG):** This audit provided a substantial level of assurance. Internal Audit is required to provide an annual report as part of the supporting evidence in preparation of an Annual Confirmation certificate. This is a requirement of our agreement with Marine Scotland. The report highlights two low level issues that were in relation to inconsistencies in project referencing and procurement.
- **Income Maximisation - Direct Payments:** This audit provided a substantial level of assurance. Procedures and policies are in place with appropriate controls in place. The report highlights potential weaknesses in relation to follow up protocols where it was not evidenced that action is taken following Strategic Finance requests. Agreement documentation should be reviewed to ensure terms and conditions are included.
- **Land and Asset Disposal:** This audit provided a limited level of assurance. It was evidenced that disposal processes and procedures are in place however guidance has not been updated for some 8 years. A review of the asset register also identified anomalies in information held. Weaknesses were also identified in respect of reporting arrangements.
- **LEADER:** This audit provided a substantial level of assurance. Robust systems are in place to ensure that as lead partner for the Argyll and Islands LEADER LAG, Argyll and Bute Council is adhering to the technical and procedural guidance.
- **Pyramid Performance Management System:** This audit provided a substantial level of assurance. Data contained in the scorecards was found to be accurate with appropriate supporting documentation. The exception being, data in relation to PRD statistics where it was evidenced that weaknesses exist in relation to the collation methodology and in some instances manual overwrites are taking place to provide accurate figures.

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 has agreed responses and timescales in the respective action plans. The total number of recommendations made within the seven audits is as undernoted:

- High – 6
- Medium – 13
- Low – 11

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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