

INTERNAL AUDIT REPORTS TO AUDIT COMMITTEE 2014 - 2015

1.0 EXECUTIVE SUMMARY

1.1 There are 10 audits being reported to the Audit Committee. One audit has a high level of assurance, 7 have a substantial level of assurance with the remaining 2 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:

- **Sickness and Absence:** This audit has provided a substantial level of assurance with the exception of production of statistics which requires improvement. There are sound policies and procedures in place. The report highlights areas for improvement relating to double keying and labour intensive working methods.
- **Marine Services:** This audit reviewed the Council's Ferry services and has a limited level of assurance. The report highlighted a number of weaknesses in relation to adherence to Health and Safety requirements, berthing practices and ticketing protocols.
- **Capital Contracts and Operating Leases:** This audit provided a limited level of assurance. Weaknesses were identified in relation to adherence to prescribed guidance and in some instances records were incomplete. Procedures for collation and recording of lease information were also weak with the potential for mis-reporting.
- **Risk Management:** This audit was undertaken by our partners Grant Thornton and provided a substantial level of assurance. Risk management procedures were assessed as Risk Managed being well developed and communicated. Action points are in relation to risk appetite and risk opportunity.
- **Local Government Benchmarking Framework Indicators:** The processes and procedures used by Argyll & Bute Council services for the collation of statistical information required for reporting LGBF indicators was reviewed in order to provide substantial assurance that there was robust back up evidence to support the submission. Procedures and processes in place for all 11 indicators were verified.
- **NPDO :** This audit provided a high level of assurance. Robust contract and financial monitoring arrangements are in place. Processes and procedures are well documented with appropriate reference to relevant performance criteria.
- **Insurance:** This audit provided a substantial level of assurance. Observations included some minor issues in relation to tender and claim documentation. There is also scope for improvement in relation to risk reduction measures and protocols where roles and responsibilities require to be clarified.
- **S75 Planning:** This audit provided a substantial level assurance. Issues arising relate to formalising and documenting procedures which in some cases were outdated. Reporting and monitoring protocols require to be reviewed to ensure S75 agreements are fully progressed and all relevant actions completed.
- **Crematoriums:** This audit provided a substantial level of assurance. The audit specifically looked at recovery of ashes protocols in light of national interest and refers to Lord Bonomy's national findings which are cross referenced to Internal Audit findings. Argyll and Bute operates to a policy whereby an attempt to recover ashes from the cremation process is made

in all cases. In the very few instances where no ashes were available, bereaved families had been advised of the likelihood and documentation had been signed acknowledging this. The audit provided a number of other recommendations in relation to administrative protocols. It also highlights potential concern in relation to planned legislative changes relating to the removal of a medical referee stage from the authorisation process.

- **Procurement of Utilities:** This audit provided a substantial level of assurance. Purchasing is via a national framework. Appropriate monitoring arrangements for both usage and cost levels are in place.

2.0 Recommendations

2.1 Audit Committee note the content of this summary report and detail within each individual report.

3.0 CONCLUSION

5.1 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 10 audits is as undernoted:

- High – 8
- Medium – 18
- Low – 18

6.0 IMPLICATIONS

6.1 Policy - None

6.2 Financial - None

6.3 Legal - None

6.4 HR - None

6.5 Equalities - None

6.6 Risk - None

6.7 Customer Service – None

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