
**INTERNAL AUDIT REPORTS TO AUDIT AND SCRUTINY COMMITTEE
2018/2019**

1. EXECUTIVE SUMMARY

- 1.1 There are six audits being reported to the Audit and Scrutiny Committee. Table below is provided for information at the pre-agenda meeting.
- 1.2 The below table provides a summary of the conclusions for the audits performed. The full reports are included as appendices to this report.

Audit Name	Level of Assurance	High Actions	Medium Actions	Low Actions
Early Years Provision	Substantial	0	1	1
Traffic Regulation Orders	Substantial	0	1	1
Land & Asset Disposal	Reasonable	0	1	1
School Fund Governance	Limited	2	4	2
Off-Payroll	Limited	3	0	1
Self-Directed Support	Reasonable	2	1	1

- 1.3 Internal Audit provides a level of assurance upon completion of audit work. A definition for each assurance level is documented in each audit report.

2. RECOMMENDATIONS

- 2.1 Audit and Scrutiny Committee to review and endorse this summary report and detail within each individual report.

3. DETAIL

- 3.1 A high level summary of each completed audit report is noted below:

Early Years Provision: This audit has provided a substantial level of assurance as internal control, governance and the management of risk is sound. The Council has a comprehensive 1140 hours delivery plan in place and good progress has been made with the implementation of the 1140 hours. It is clear that the service have made significant progress in terms of workforce development and it is anticipated that these developments will contribute to the recruitment of a suitably skilled and well qualified additional workforce to meet the needs of extended ELC entitlement. One medium recommendation was made for future Community Services Committee progress reports to detail specific changes which have been made to the delivery plan and provide reasons for these changes. One low recommendation was made for minutes of

monthly team meetings to be recorded. This was complete by the date the audit report was published.

Traffic Regulation Orders: This audit has provided a substantial level of assurance as internal control, governance and the management of risk is sound. The Council has a detailed service procedure which is aligned to current legislation and identifies the stages officers should follow during a TRO process. The Council predominantly complies with the Procedure however clarity over the performance of investigation work prior to determining the requirement for a TRO, and the manner in which key evidence is documented and filed, could be improved. A process should be introduced to ensure that the TRO procedures continue to reflect current legislation.

Land & Asset Disposal: This audit has provided a reasonable level of assurance as internal control, governance and the management of risk are broadly reliable. Audit Scotland, as the Council's external auditors have provided assurance that, for the financial period 2017/18 surplus assets have been correctly accounted for in the general ledger and fixed asset register. There is a high level workflow and supporting checklists in place however detailed procedures should be prepared to provide better guidance on the sale or lease of Council assets. Once detailed procedures have been implemented and are established internal audit will carry out a further audit to assess compliance with them. This is provisionally scheduled for the 2021/22 internal audit plan.

School Fund Governance: This audit has provided a limited level of assurance as internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. The Education Management Circular 1.10 which sets out instructions on how to manage school funds is comprehensive however the general consensus amongst the schools visited is that the mandatory requirements are not pragmatic, in particular for small primary schools. Consequently schools are struggling to comply with it. We have recommended that the Circular be streamlined and that consideration is given to reducing the mandatory requirements with greater focus on the more material ones. Whilst there are six additional recommendations in the report the review of the circular is the fundamental one as the other six, bar one about providing training, relate to procedures which can be built into the revised circular.

Off-Payroll Working: This audit has provided a limited level of assurance as internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives at risk. Manager guidance is in place, however there is a lack of overall control over the appointment and management of agency workers and the IR35 toolkit is not being completed as required. Testing highlighted a range of issues relating to compliance with procedures and maintaining appropriate documentation. It has not been possible to provide any assurance over whether the current appointment processes are delivering value for money.

Self-Directed Support: This audit has provided a reasonable level of assurance as internal control, governance and the management of risk are broadly reliable. The Council has comprehensive policies and procedures which are aligned to relevant legislation though a review of them is outstanding. Officers have received formal SDS training and receive ongoing support from

the SDS officer. Risk assessments are carried out however case files recorded within Carefirst need to be reviewed to ensure that support plans, service reviews and financial reviews are up to date and properly recorded. We also concluded that there needs to be greater clarity around determining when a direct payment should cease in the event that a client does not comply with a request for a financial return.

4. CONCLUSION

- 4.1 Management has accepted each of the reports submitted and have agreed responses and timescales in the respective action plans.

5. IMPLICATIONS

- 5.1 Policy - None
- 5.2 Financial - None
- 5.3 Legal - None
- 5.4 HR - None
- 5.5 Equalities - None
- 5.6 Risk - None
- 5.7 Customer Service – None

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18 June 2019

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APPENDICES

1. Early Years audit report
2. Traffic Regulation Orders audit report
3. Land and Asset Disposal audit report
4. School Fund Governance audit report
5. Off-Payroll audit report
6. Self-Directed Support audit report