

EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE8 August 2024Report by Chief AuditorINTERNAL AUDIT PLAN PROGRESS REPORT 2024/25 QUARTER 1**PURPOSE OF REPORT**

1. To inform members of progress on Internal Audit's annual plan for 2024/25 as approved in March 2024.

**BACKGROUND**

2. The work performed by Internal Audit is based on a rolling 5-year strategic plan, which is revised annually to take into account changes in circumstances. This report is provided to allow members to monitor the activities of Internal Audit and to oversee actions taken by management in response to audit recommendations.

**AUDIT PLAN 2024/25 - PROGRESS REPORT QUARTER 1**

3. A copy of the annual audit plan for 2024/25 is shown in appendix 1. Seven reports relating to planned 2023/24 audit work were issued since the last progress report, therefore all reports relating to planned 2023/24 have now been issued. No reports relating to 2024/25 have yet been issued. Appendix 3 gives detail of reports which were issued as part of the 2023/24 plan where the responses were received since the last progress report. Responses are deemed to be satisfactory if all recommendations are accepted for implementation by management or where any recommendation is not accepted but a satisfactory reason is given. The quarterly performance indicators for the section are shown in appendix 4.

4. Three new requests for assistance were dealt with using contingency time during the quarter all of which are still in progress.

**RECOMMENDATION**

5. The Committee is asked to:

- (a) note Internal Audit's progress report for quarter 1 of 2024/25

Further information is available from Michelle Blair, Chief Auditor, telephone 0141 577 3067.

**EAST RENFREWSHIRE COUNCIL**  
**Internal Audit Section**  
**ANNUAL AUDIT PLAN FOR 2024/25 PROGRESS REPORT QUARTER 1**

<b>Department</b>	<b>Title</b>	<b>Audit Number</b>	<b>Original No. of days</b>	<b>Status</b>
Chief Executives				
Business	Accounts Payable	1	12	In progress
Operations & Partnerships	Accounts Receivable	2	12	In progress
	Cash Income and Banking	3	22	
	Council Tax – Reductions and Liabilities	4	24	
	Housing Benefits/UC – Assessment	5	30	
	Overtime	6	25	
Education	Cashless Catering and Parentpay	7	30	
	Early Learning and Childcare Payments	8	25	
	Schools cluster	9	40	In progress
Environment	City Deal	10	15	
	Commercial Rent	11	20	
	Energy and Fuel	12	25	
	Highways Maintenance	13	20	
	Project Management of Capital Projects	14	25	
Housing	Housing Allocations	15	28	
HSCP	Bonnyton House	16	10	
	St Andrews House	17	12	In progress
	Payments to Care Providers	18	25	
Computer Audit	Environmental Controls – General	19	10	
Other Bodies	IJB	20	15	
	Culture and Leisure Limited Trust	21	20	In progress
Various	Contract and Supply Management	22	25	
	Fraud contingency	23	50	
	General Contingency	24	40	In progress
	Follow up	25	50	In progress
	Previous year audits	26	31	<b>Complete</b>
			641	

INTERNAL AUDIT														
REPORTS AND MEMOS ISSUED 2024/25														
FILE REF	Audit No.	Subject	Department	DATE AUDIT STARTED	DATE REPORT MEMO SENT	DATE REPLY DUE	DATE REPLY REC	COMMENTS	Tot	H	M	L	E	Not accepted
MB/1210/ZC	25	Education Follow Up	Education	22/04/24										
MB/1211/ZC	9	Schools Cluster – St Ninian's	Education	22/04/24										
MB/1212/IM	2	Accounts Receivable	BO&P	30/4/24										
MB/1213/FM	21	ERCLT	ERCLT	20/05/24										
MB/1214/FM	21	ERCLT	ERCLT	30/05/24										
MB/1215/NS	17	St Andrews House	HSCP	10/7/24										
MB/1216/IM	1	Accounts Payable	BO&P	27/06/24										

Note: Audits issued in quarter are highlighted in bold

## SUMMARY OF REPORTS ISSUED WHERE RESPONSES WERE RECEIVED SINCE LAST PROGRESS REPORT

## APPENDIX 3

1. MB/1202/NS Application Audit of Council Tax

The review covered the following key control objectives

- Each transaction is authorised, complete, accurate, timely and input once only.
- User access controls are appropriate and system security access is sufficient.
- An appropriate level of control is maintained during processing to ensure completeness and accuracy of data.
- Controls ensure the accuracy, completeness, confidentiality and timeliness of output reports and interfaces.
- A complete audit trail is maintained which allows an item to be traced from input through its final resting place, and a final result broken down into its constituent parts.
- Arrangements exist for creating back-up copies of data and programs, storing and retaining them securely, and recovering applications in the event of failure

The system appears to be well controlled and appropriate monitoring and development is being carried out by the Systems Officer and Development Officer in the absence of a Product Owner. There are processes in place to ensure that jobs are being processed successfully, system reconciliations are carried out at regular intervals and that Standard Operating Procedures are in place to try to ensure an appropriate audit trail is in place to allow system transactions to be traced to their originating documentation.

A review of system access however showed leavers were still showing as having access to the system and there was limited documentation to support new users being added to the system. System access was the responsibility of the Product Owner but this post is still vacant and the Systems Officer has taken on this role and whilst some improvements in the process have been made there is still scope to strengthen these.

Four recommendations were made, three were classified as medium risk, and one as low risk. All recommendations were accepted by management. The medium risks and the management responses are replicated below.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Consideration should be given to implementing an interim user check focussing on those users who have not changed password in the last 60 days to ensure licences are only being held by users who require access.	Medium	Yes	A user check focussing on those users who have not changed password in the last 60 days will be implemented to ensure licences are only held by users who require access.	Systems Officer	July 2024
4.1.2	An annual user audit should be completed covering all users with Line Managers asked to confirm if access is still required. Evidence of the annual review and response should be held to support the action taken.	Medium	Yes	An annual user audit will be completed covering all users with Line Managers asked to confirm if access is still required. Evidence of the annual review and response will be held to support the action taken.	Systems Officer	October 2024

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.3	All future requests for access to the system should be saved to a central folder to allow the reason for access and who granted access to be verified.	Medium	Yes	All future requests for access to the system will continue be saved to the folder being used for this purpose to allow the reason for access and who granted access to be verified.	Systems Officer	In Place

## 2. MB/1203/NS Council Tax Billing and Collection

The review covered the following key control objectives

- Procedures and regulations have been established and cover the processes
- Issue of demands for council tax meet legislative requirements and accounts are readily identifiable
- Various payment methods are available and accuracy of bills are checked before the payment run is carried out
- Procedures ensure amended/revised bills are supported by adequate evidence and that suppression cases are restricted and regularly reviewed
- Income collected is readily identifiable and updates relevant records promptly
- Reconciliations are undertaken to agree income collected, refunds made and housing benefits posted
- Data is held in accordance with policies and is secure

Testing carried out on the areas of billing and collection showed that generally there are appropriate controls in place to ensure that all liable properties are being billed and there are systems in place to monitor the collection of the amounts due.

The main area of weakness noted was in relation to reconciliations and the clearance of suspense accounts relating to the collection of Council Tax.

The previous audit report of Council Tax covering the areas of recovery and enforcement (MB1184NS) issued in April 2023 was also followed up. The report contained a total of 16 recommendations of which five are included again as part of this audit. The team should be commended on the efforts they have made to implement the majority of the previous recommendations especially at a time when additional pressures have been placed on the team and they have also been undergoing a significant restructure.

Eight recommendations were made, one was classified as high risk, four as medium risk, and three as low risk. All recommendations were accepted by management. The high and medium risks and the management responses are replicated below.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Responsibility for the monitoring and clearance of Council Tax suspense accounts should be assigned and an SOP written and implemented covering the process to be followed.	High	Yes	This work will be carried out within the compliance team and a SOP will be created.	Accounts Payable/ Receivable Manager	31 March 2025

4.1.2	A decision on who is responsible for clearing historical items sitting in ledger suspense as well as the Council Tax system suspense should be taken to allow appropriate action to be taken on the historical items.	Medium	Yes	This work will be carried out within the compliance team.	Accounts Payable/ Receivable Manager	31 March 2025
4.3.1	Reports showing level and age of each debt should be reviewed regularly by management.	Medium	Yes	Reports showing level and age of each debt will be reviewed regularly by management.	Operations Manager & Senior Revenues Officer	31 March 2025
4.4.1	The functionalities within the new system to allow information to be handled in accordance with the data retention policy should be explored and documented.	Medium	Yes	The functionalities within the NEC system to allow information to be handled in accordance with the data retention policy has been documented by the supplier. Testing on the functionality was unable to be signed off due to inconsistencies in outcomes. We now have updated functionality which will be re-tested.	Development Officer & systems officer	31 March 2025
4.4.2	An exercise to cleanse the Council Tax documentation within Information@Work should be completed and appropriate action taken to ensure the Council's data retention policy is complied with.	Medium	Yes	An exercise to cleanse the Council Tax documentation within Information@Work will be completed using learnings from the current exercise being undertaken by HSCP. Using the experience and learnings of the HSCP exercise appropriate action will be taken.	Development Officer & systems officer	To be confirmed following the outcome of the HSCP exercise.

### 3. **MB/1204/FM HSCP Follow Up**

A full copy of this report and the responses has been circulated to Audit and Scrutiny Committee Members.

Three audits containing 34 recommendations were followed up as part of this audit. Good progress has been made in implementing the previously agreed recommendations with only eight still outstanding.

A total of eight recommendations were made as part of the follow up audit, two were high risk, two were medium risk and four were low risk. All recommendations were accepted by management for implementation.

### 4. **MB/1205/FM Rent Accounting**

The audit covered the following key control areas:

- Procedures are operated in accordance with legislation and the council's agreed written policy;
- There are adequate records and documentation to support rent arrears, each amendment made to the masterfile and the calculation of all gross rent amendments;
- Documentary evidence exists to record rent payments and support refunds made;

- Rent is charged on all housing property
- All relevant records and accounts are updated to record arrears transactions, rent increases, payments and refunds;
- Arrears are carefully monitored and recovery action initiated as and when necessary in accordance with the organisation's agreed written policy;
- Rents received are posted to the correct accounts and are banked in full;
- All rent transactions are initiated promptly for new and existing tenants and rent income is banked promptly.
- All rent transactions are legitimate and appropriate

Generally, procedures are operating well and in accordance with approved policies. Supporting documentation was readily available for samples selected and any anomalies were resolved with officers providing a reasonable explanation.

A review of system users identified that access levels need to be reviewed and leavers removed from system promptly. This exercise is now underway. Additionally, there are a large number of staff across various services who have systems access that allows them to process rent adjustments and rent write-offs. To provide assurance that all adjustments made to tenant's accounts are correct and bona fide it would be good practice to run regular reports for review to highlight any unusual adjustments.

Six recommendations were made, two were classified as medium risk and four as low risk. All recommendations were accepted by management. The medium risk recommendations and the management responses are reproduced below.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.4.1	As part of the annual review exercise, all users' individual access rights should be checked to ensure that users only have access to parts of the system that are required for their role. Any users that have left the Council or changed role should have their access rights locked by adding an end date.	Medium	Yes	This is currently undertaken but was late for completion for 2024	Senior Housing Manager	30 June 2024
4.5.1	Adjustments processed to rent accounts in a given period should be reviewed by a senior officer and verified as being correct and bona fide.	Medium	Yes	Will be scheduled and recorded on a quarterly basis	Housing Service Manager (Service Delivery)	30 June 2024

## 5. MB/1206/NS City Deal

The scope of the audit was as follows:

- Reporting frequency of specified information is being adhered to.
- In awarding contracts, City Region Procurement Strategy and Council Contract Standing Orders have been complied with.
- Arrangements are in place to ensure that changes to project budgets are reflected in the overall programme budget and are recorded using appropriate documentation.
- Claims submitted to Scottish Government are accurate and have supporting documentation.
- Payments made are in accordance with approved City Deal expenditure.
- Risk management arrangements are in place, up to date and reviewed regularly

- Follow-up of previous city deal audit recommendations.

It was concluded that all amounts included in the claims submitted since the previous audit were able to be verified. However, it was noted that there were anomalies in relation to the allocation of staff time but these have now been resolved.

A review of the costs being allocated to each of the categories available showed that the overall allocation to Internal Council Management and External Consultants had exceeded the original budget amount as at Claim 32. It was highlighted as part of the previous audit that the budget available for these categories was getting close to the budget and in the response from management it was agreed that the budgets required to be re-profiled to take into account the changes to the City Deal programme since it was originally established. No such re-profiling has yet taken place.

Two recommendations were made, both were classified as low risk and were accepted by management.

## **6. MB/1207/NS Housing Benefits**

The audit covered the following key control areas:

### **Fraud Detection and Prevention:**

- Vetting and training of employees
- Do not redirect scheme
- Fraud referrals
- Data matching
- Undertaking and managing investigations
- Use of sanctions
- Security of data

### **Overpayments:**

- Overpayments are accurately recorded and classified within the benefits system
- Adequate records are in place to demonstrate that all overpayments are identified and appropriate recovery action implemented
- Controls are in place to ensure that all write offs are justified and are in accordance with Council policy
- Security of data.

Follow up of the previous Housing Benefit audit was also carried out. Generally, no significant control failures were identified and the processes within the areas reviewed are operating satisfactorily.

It was noted that the decision notices being issued to claimant notifying them of an overpayment did not provide much information in relation to how this had been calculated. In some cases the claimant also receives a statement of reason and this provides details of the calculation of the overpayment. It was noted that these are not always being issued.

In some cases the overpayment will be marked as unrecoverable and a report was obtained that provided some reasons as to why such a decision had been taken. The sample of payments taken were all due to a decision being taken by a Benefits Team leader but further investigation showed that there was limited documentation available detailing the reason for the decision and there was no documentation held that allowed for verification of the authorisation.

Additionally, it was previously recommended that the outstanding overpayments which were held in various systems were amalgamated to allow for a single source of overpayments as reference for assessors and that all outstanding overpayments were invoiced to customers.



Six recommendations were made, two were classified as medium risk and four as low risk and all were accepted by management. The medium risk recommendations and the management responses are reproduced below.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.2.1	Consideration should be given to introducing an audit trail that documents the approval given for making an overpayment unrecoverable. This could be in the form of a memo from the Team Leader with details for the decision and this could be uploaded and held in Information @ Work.	Medium	Yes	An audit trail will be introduced as follows: - The team member approving an overpayment is made unrecoverable must create a notepad entry on Benefits giving details of their decision.	Team Leader Benefits & discretionary payments	31 July 2024
5.3.1	The exercise of amalgamating outstanding overpayments on the NEC system to allow for a single source for control and monitoring of outstanding overpayments should be completed per revised timetable provided.	Medium	Yes	The exercise of amalgamating outstanding overpayments on the NEC system to allow for a single source for control and monitoring of outstanding overpayments will be completed.	Team leader Debt recovery	31 December 2024

#### 7. **MB/1208/IM Chief Executives Follow Up**

A full copy of this report and the responses has been circulated to Audit and Scrutiny Committee Members.

Four audits containing 18 recommendations were followed up as part of this audit. Good progress has been made in implementing the previously agreed recommendations with only three still outstanding.

A total of seven recommendations were made as part of the follow up audit, four of which were new recommendations. Two of the recommendations were classified as medium and five as low risk. All recommendations were accepted by management for implementation.

#### 8. **MB/1209/IM IT Asset Management**

The scope of the audit was to ensure that all assets and licences are appropriately allocated to current employees and to ensure costs incurred are at the level appropriate to these assets. The audit focussed on the following:

- Analysis of the list of all IT assets and licences held
- Further analysis of these records cross referencing with current employees and leavers.
- Comparing current costs incurred against records held

The lists of assets and licences held need to be updated regularly to ensure that costs to the Council are minimised. The addition of employee numbers to the lists would greatly assist in allowing the lists to be updated when leaver information is available. Audit work has indicated that future contract negotiations could be impacted positively by reducing the number of licences covered in the contract to a more realistic level based on needs. This audit focussed on Local Government employees and the recommendations should equally be applied to cover assets and licences held within Education for teachers.

Nine recommendations were made, six were classified as medium risk and three as low risk. All recommendations were accepted by management except one which was partially accepted. The medium risk recommendations and the management responses are reproduced below.

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
4.1.1	Consideration to be given to the leavers process, specifically how a leavers device is stored and potentially reutilised to minimise the purchase of new devices across the Council.	M	Yes	A project is being initiated by Data Team to review and improve the leavers process with automation where possible although timescales for that work are not yet clear and this will need prioritised by Digital Transformation Boards. With specific reference to device storage, ICT do not have the capacity to store and manage leaver devices, as most of the devices are owned and therefore retained by the department for replacement staff.	Director of Business Operations and Processes	TBC
4.3.1	Periodic checks should be carried out to ensure the UMRA system continues to fully delete users from both the licence and assets lists when they leave the organisation	M	Yes	This process occurs twice per year and as required when license capacity is reached.	ICT Service Delivery Manager	Ongoing
4.5.1	Ensure checks are in place to confirm all licences allocated to leavers are fully disabled as they leave the organisation.	M	Yes	Manual checks are now in place.	ICT Service Delivery Manager	End August 2024
4.7.1	Review full list of employees who currently show as requiring a licence but are not a current employee or a leaver to remove all non-active users as appropriate unless a department has confirmed the requirement to allow them access to a licence.	M	Yes	Customers accounts have been removed. Not all of those supplied were leavers, so have been re-instated.	ICT Service Delivery Manager	Complete
4.8.1	The database of users should be periodically verified and updated to ensure that accurate information is available to inform the contract renewal requirements on number of licences.	M	Yes	This is completed annually (changing to 6 monthly from this point) in advance of Enterprise Agreement Anniversary to ensure minimal/optimal costs incurred on this contract.	ICT Service Delivery Manager	Ongoing
4.9.1	Employee numbers should be added to the lists maintained by IT for assets and licences to facilitate keeping the lists up to date and enabling data matches to	M	Partially	Employee Number is added to Active Directory if available at the point when the account is set up. There is no field available in SCCM or MS Intune to add employee number as this would not be appropriate as these applications manage	ICT Service Delivery Manager	Ongoing

Ref.	Recommendation	Risk Rating	Accepted Yes/No	Comments (if appropriate)	Officer Responsible	Timescale for completion
	leavers information to be easily and accurately carried out.			devices, independently of the staff member that uses them. However, MS Intune links the primary user to the device, using UPN (which in this case is email address).		

Risk Ratings for Recommendations	
<b>High</b>	<ul style="list-style-type: none"> <li>• Key controls absent, not being operated as designed or could be improved and could impact on the organisation as a whole.</li> <li>• Corrective action must be taken and should start immediately.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>• There are areas of control weakness which may be individually significant controls but unlikely to affect the organisation as a whole.</li> <li>• Corrective action should be taken within a reasonable timescale.</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>• Area is generally well controlled or minor control improvements needed.</li> <li>• Lower level controls absent, not being operated as designed or could be improved</li> </ul>

**EAST RENFREWSHIRE COUNCIL**  
Internal Audit Section

**QUARTERLY PERFORMANCE INDICATORS**

<u>Internal Audit Indicators reported Quarterly</u>	Target (where applicable)	Quarter 1 Actual 2024/25	Quarter 1 Cumulative 2024/25
<b>2. Audit Coverage.</b>			
2.2 Actual direct audit days as a percentage of total days available	75%	77%	77%
2.3 Number of requests for assistance/queries raised by departments outwith planned audit work.	-	3	3
2.4 Percentage of planned contingency time used.  (Days available exclude public holidays, annual leave and sickness absence)	<100%	30.5%	30.5%
<b>5. Issue of Reports.</b>			
5.1 Number of 2024/25 audit reports issued per quarter excluding ERCLT.	-	0	0
5.2 Ave. time in weeks from start of fieldwork to issue of report. (Note 1)	12 weeks	n/a	n/a
5.3 Ave. time taken to issue report (working days). (Note 2)	10 working days	n/a	n/a

**Notes**

1. Average weeks calculated as working days divided by 5. This is calculated excluding ERCLT audits.
2. Working days excludes weekends, public holidays, annual leave and sickness absence. This is calculated excluding ERCLT audits.