



Internal Audit Report
Education and Children's Services,
Education: Cultural & Community Services
13-17(b) Scone Library
December 2013

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Background and Introduction

This assignment forms part of the Internal Audit plan for 2013/2014, as approved by Audit Committee on 27th March 2013.

Education & Children's Services (ECS) provides the financial framework and guidance for Libraries. This framework and regulations are included within the services Financial Policy and Procedures. They provide the framework for financial management in establishments within the Service.

The library service was included in the recent Libraries and Cultural Venues Review. The findings and recommendations of the review were reported to the Lifelong Learning Committee on 6 November 2013. The timeframe for implementation of the review is between March and June 2014. Some of the findings from this audit will be taken into consideration when implementing this review

The scope of this audit was to review the adequacy of the financial arrangements within libraries. This report details the findings in relation to Scone Library. Visits to the library took place during December 2013.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of staff at Scone Library and Education and Children's Services Finance Support Team during this audit.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that libraries are managed in accordance with the Financial Procedures as laid down by Education & Children's Services.	
Auditor's Comments: The Council's Financial Regulations are supplemented by ECS operational regulations and ECS Financial Policy and Procedures which detail the procedural control for the financial management of libraries. Testing confirmed that the financial management information was up to date. The communication links between ECS and Scone library are adequate with regards to any updates to financial processes and procedures. Local procedures are in operation at Scone library which detail the internal control for handling cash however there is scope for these to be improved and a review is underway. The auditor was unable to confirm that appropriate training had been carried out, as the training database did not provide an accurate reflection of officers' training.	
Strength of Internal Controls:	Moderately Strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Fyffe, Executive Director (Education & Children's Services)

B Atkinson, Depute Director (Education & Children's Services)

F Robertson, Head of Cultural & Community Services

J Symon, Head of Finance

G Boland, Senior Business & Resources Manager

H Smout, Service Manager, Cultural Services

M Kelly, Interim Libraries & Information Services Manager

J Cockburn, Finance and Governance Manager

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment is J O'Connor. The supervising auditor is M Morrison.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 19 December 2013

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Cash Handling Procedures	Low
2	Training Records	Low

Appendix 2: Action Plan

Action Point 1 - Cash Handling Procedures

Local procedures are in operation which details internal controls at Scone for handling cash. The procedures aim to provide a framework for staff to follow.

Audit testing confirmed that these procedures are not sufficiently detailed or comprehensive. A review of these procedures is currently being undertaken by ECS Finance Support Team.

Management Action Plan

Revised procedures will be developed in line with advice from ECS Finance Support Team.

Importance:	Low
Responsible Officer:	M Kelly, Interim Libraries & Information Services Manager
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	February 2014
Required Evidence of Completion:	Copy of revised procedures

Auditor's Comments

Satisfactory

Action Point 2 - Training Records

The Libraries & Information Services financial procedures state that financial training will be made available to budget managers with selected training made available to staff with involvement in the financial process.

The training database did not provide an accurate reflection of officers' training status as it is not kept up to date.

Management Action Plan

A process is being developed where information for training requirements will be cascaded from the Employee Review and Development process and input into the training database. Once training has been received, the database will be updated to reflect this.

Importance:	Low
Responsible Officer:	M Kelly, Interim Libraries & Information Services Manager
Lead Service:	Education and Children's Services
Date for Completion (Month / Year):	March 2014
Required Evidence of Completion:	Updated training database

Auditor's Comments

Satisfactory