



Internal Audit Report
Housing and Community Care,
13-16 Internal Control Review
January 2014

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.

Housing & Community Care's Resources and Business Support team established an Internal Control Plan for 2013/14 in order to provide management with assurances that the procedures put in place and documented within the Admin Manual were being implemented throughout the Service. Resources were allocated within a team following a restructuring exercise which was due to facilitate the delivery of this plan.

It is management's responsibility to comply with policies and procedures of the Council and its Services. As part of their role, Internal Control Officers undertake a series of visits to establishments in line with the Internal Control Plan with a view to confirming compliance with Housing and Community Care processes and procedures. Any areas of non-compliance are highlighted to the relevant manager for action. The outcomes of these reviews will then shape the plan to be put in place for 2014/15.

However there have been delays in recruitment and training relevant staff in order to undertake this aspect of their role. In addition, the team has been allocated additional unplanned tasks which have impacted on the internal control work they have been able to complete within the year.

The purpose of the audit was to ensure that Internal Control reviews were sufficient to enable the Chief Internal Auditor to place reliance on their outcomes when informing the audit plan for 2014/15.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the Internal Control Officers of Housing and Community Care 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 Internal Control Officer reviews are sufficient to enable the Chief Internal Auditor to place reliance on their outcomes.
Auditor's Comments: There is a planned programme of reviews to be undertaken in the period 1 January 2013 to 31 March 2014, however there is evidence of delays in the plan for the reasons stated above. At the time of the audit, Internal Control Officer Reviews had been undertaken in all of the comfort funds, some of the petty cash and client's monies and one of resident's monies, but none in ordering goods. Arrangements and procedures in place as documented in the Admin Manual are adequate and appropriate for comfort funds. However in the areas of petty cash, client and resident's funds, some of the documentation including checklists would benefit from review and updating. A checklist has yet to be developed for ordering

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goods.

There is scope for improvement in retaining the original documentation used for the review and in developing a consistent and streamlined approach to communicating requirements for compliance with managers.

Although considerable progress has been made, at this time, there is insufficient evidence available to enable the Chief Internal Auditor to place full reliance on the outcomes of the Internal Control Officer Reviews for 2013/14 however the framework has been established which will ensure that such reliance should be in place going forward.

Strength of Internal Controls:	Moderate
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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 Walker, Executive Director (Housing & Community Care)

A Taylor, Head of Finance and Support (Housing & Community Care)

J Symon, Head of Finance

N Copland, Business and Resources Manager

G Taylor, Head of Democratic Services

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P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment is M Morrison. The supervising auditor is J Clark.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 15 January 2014

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Review Process	Medium
2	Petty Cash, Client and Resident's Funds	Medium
3	Ordering Goods	High

Appendix 2: Action Plan

Action Point 1 - Review Process

Although outcomes from compliance visits are being communicated to service managers in the form of a report, there is no consistent approach to finalising these reports and ensuring that managers commit to ensuring compliance with the Admin Manual.

In addition, the original checklists are not being retained which evidence the work undertaken by the team.

Management Action Plan

1. The checklists are now retained for compliance visits.
2. The process of communicating the outcomes of compliance visits will be reviewed to ensure that managers are made aware of any non-compliance and understand their responsibilities for ensuring compliance.
3. The outcomes from compliance visits will be summarised and reviewed in order to direct the work of the team for the following year.

Importance:	Medium
Responsible Officer:	N Copland, Business & Resources Manager
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	1. Completed 2. & 3. April 2014
Required Evidence of Completion:	1. Completed 2. A revised process for communicating non-compliance to managers 3. Summary report from 2013/14 visits and Internal Control Plan for 2014/15

Auditor's Comments

Satisfactory

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Action Point 2 - Petty Cash, Client and Resident's Funds

Internal Audit confirmed that there are internal control checklists in place for reviewing petty cash, Client and Resident's funds. There is, however scope for enhancing these checklists to ensure they mirror the Admin Manual more closely.

Management Action Plan

The Internal Control Checklists will be reviewed and updated as appropriate following the review of the Admin Manual.

Importance:	Medium
Responsible Officer:	N Copland, Business & Resources Manager
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	September 2014
Required Evidence of Completion:	Updated Admin Manual (published on eric) and Internal Control Checklists

Auditor's Comments

Satisfactory

Action Point 3 - Ordering Goods

Internal Audit confirmed that the arrangements and procedures in place for the control of ordering goods, as documented in the Admin Manual are adequate and appropriate. At the time of the audit, no internal control visits had been carried out and no checklist had been developed.

Management Action Plan

1. Internal control visits relating to ordering goods will be included in the 20014/15 Internal Control Plan.
2. Internal control checklist for ordering goods will be prepared which will take the relevant procedures into account.

Importance:	High
Responsible Officer:	N Copland, Business and Resources Manager,
Lead Service:	Housing and Community Care
Date for Completion (Month / Year):	1. April 2014 2. September 2014
Required Evidence of Completion:	1. Approved 2014/15 Internal Control Plan 2. Publication of ordering procedures and checklists.

Auditor's Comments

Satisfactory

