

REPORT TO: SCRUTINY COMMITTEE – 10 FEBRUARY 2016

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 37-2016

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1 The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to Management for a formal response and submission of Management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by Management.

4.2 Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Members and Management with key information which includes the reason for undertaking the review, a summary of financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of Management's response to the audit report. The full reports are available to Members on request.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Pamela Redpath, Senior Manager – Internal Audit

DATE: 20 January 2016

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i) INTERNAL AUDIT REPORT 2015/09

Client	Corporate
Subject	Follow-up Review of Arrangements for the Management of Asbestos

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2011/18, Arrangements for the Management of Asbestos, was undertaken.

The original internal audit report concluded that there were weaknesses in the system which should be addressed. The main areas highlighted in the report were as follows:

- To ensure that the Council complies with the Control of Asbestos Regulations 2006, working groups should be established as planned so that the procedural documents listed in the Management of Asbestos Policy are developed and implemented by 31 March 2012.
- To ensure a co-ordinated and consistent approach to asbestos management within the Council, the two Duty Holders should work in conjunction with one another. In addition, a mechanism should be established for the onward communication of information on asbestos management.
- To assist with promoting awareness and understanding of asbestos related matters, including associated risks and how to mitigate these, the Council should develop a corporate targeted training and awareness programme in line with Regulations. A central register of asbestos related training should also be maintained.
- To reduce the potential risk of accidental exposure to asbestos, the responsibilities for ensuring / arranging all necessary surveys and re-inspections are carried out should be agreed, documented and clearly communicated to key staff. Arrangements should be put in place to ensure that information on the location and condition of asbestos containing materials identified within common areas of domestic premises is routinely provided to anyone liable to work on or disturb them. An appropriate re-inspection programme should also be established for all premises.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2011/18 have been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- Asbestos management sub-groups were established with responsibility for developing procedural documents. These have since been drafted and will be finalised over the next 6 months. A central register of asbestos related training will follow implementation of the new corporate training system.
- A new Housing asset management system is being procured, which, once implemented, will routinely provide information to key individuals on the location and condition of asbestos containing materials identified within common areas of domestic premises. In the interim, arrangements will be put in place to communicate this information as appropriate. In relation to the Council's non-domestic premises, a Project Brief for Asbestos Management Services detailing requirements for asbestos surveys and re-inspections has been drafted and will be finalised over the next 6 months.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of City Development and the Executive Director of Neighbourhood Services and appropriate action agreed to address the matters raised.

ii) INTERNAL AUDIT REPORT 2015/11

Client	Environment
Subject	Follow-up Review of Plant and Equipment

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2013/27, Plant and Equipment, was undertaken.

The original internal audit report concluded that there were weaknesses in the system which should be addressed.

The main areas highlighted in the report were as follows:

- As part of the stores rationalisation programme, management should determine what information is held within the Plant and Vehicle System and the DCS Small Plant Management System so that it can be fully utilised. As part of this exercise, a reconciliation of the information contained within the two systems should be carried out.
- Steps should be taken to ensure that the formal testing regime in place for equipment is operating as intended. In addition, the suite of Safety Notes and Operators Instructions should be reviewed and refreshed where considered appropriate and the importance of carrying out regular visual inspections to supplement the formal testing regime should be reinforced.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2013/27 have been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- Whilst a reconciliation of the information held in the Plant and Vehicle System and the DCS Small Plant Management System has been performed since completion of the audit fieldwork, an exercise has still to be undertaken to identify any equipment that is not recorded on the systems but should be. Items of material value not subject to regular testing have been identified and a mechanism for checking the physical existence of these items is to be established.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Director of Environment and appropriate action agreed to address the matters raised.