

## INTERNAL AUDIT - ABRIDGED MANAGEMENT LETTERS

### ITEM 2

#### (a) Dundee Contract Services

##### **Review of the Purchase Ordering and Creditor Payment Systems (00/17)**

###### Introduction

This review was part of the planned work for 2000/2001.

###### Scope and Objectives

The scope of this assignment was to review the operation and controls within the purchase ordering and creditors payment systems operated by Dundee Contract Services.

The principal objective underpinning this exercise was to assess the systems pertaining to purchase orders and creditors invoices and the adequacy of the control environment.

###### Key Findings

*Overall the purchase ordering and creditor payment systems were operating satisfactorily. There were, however, certain areas where it was considered improvements could be made.*

The principal areas commented upon were as follows:

- The cost-effectiveness of the current procedures which required purchase orders to be authorised by the Department's senior management.
- The need to ensure that quotations exceeding £10,000 in value are reported to the DSO Committee for information on a timeous basis.
- The need to ensure that creditor payments checks are evidenced.

###### Management Responses to Recommendations

The audit findings and recommendations were formally reported to the Director of Contract Services and appropriate action was agreed would be taken to address the specific issues raised.

#### (b) Leisure and Parks

##### **Interim Stock Counts, Caird Park (00/18)**

###### Introduction

The review of the interim stock checks for 2000/2001 was included as part of the planned audit work.

###### Scope and Objectives

The scope of the audit work specifically covered the Caird Park's stores for horticulture, plant and vehicles and playground equipment.

The key objective of this assignment was to assess the adequacy of the stock checks and the subsequent reconciliation procedures.

### Key Findings

*Although the stocks were observed as being counted in a systematic manner, comment was again made in relation to the level of slow moving/obsolete stock at the plant and vehicle and playground stores.*

### Management Responses to Recommendations

The findings relating to slow moving/obsolete stock were formally reported to the Director of Leisure and Parks and action has subsequently been taken to address the issues raised.

## (c) Social Work

### **Review of Administration Procedures at a Social Work Unit for Adult Care with Learning Disabilities (00/19)**

#### Introduction

This review was undertaken at the request of Social Work Management.

#### Scope and Objectives

The scope of the review focussed on the financial systems operated by the Unit.

The prime objective was to provide an audit opinion on the adequacy of the controls in the systems operated.

#### Key Findings

*From the audit fieldwork it was concluded that there were fundamental weaknesses in the systems currently operated.*

The principal areas commented upon were:

- Failure to adhere to the guidelines and procedures laid down in the Social Work Department's Residential and Day Care Admin Manual.
- Poor administrative procedures.
- Inadequate control checks.

#### Management Responses to Recommendations

The detailed findings and recommendations were formally reported to the Director of Social Work and appropriate action has now been taken to address the issues raised.

(d) **Information Technology****Review of the Inventory Records for Computer Equipment (00/20)****Introduction**

A review of the systems used to compile the inventory records for computer equipment was included within the 2000/2001 Internal Audit Plan. In broad terms the Information Technology Department has a remit to purchase and maintain computer equipment on behalf of the Council Departments.

**Scope and Objectives**

The scope of this audit included reviewing the Service Level Agreement Audit Lists which provide the basis for the inventory records.

The prime objective of the review was to assess accuracy and completeness of the inventory records.

**Key Findings**

*From the audit fieldwork it was concluded that the current inventory records for computer equipment are not being satisfactorily maintained.*

The principal areas of weakness reported were as follows:

- The lack of formal notification procedures on such matters as transfer of equipment between locations, equipment surplus to requirements etc.
- Failure to update the records held on the master database.
- Equipment not being labelled with a unique serial and service number.

**Management Responses to Recommendations**

The audit findings and recommendations were formally reported to the Director of Information Technology. These were broadly accepted and appropriate action is to be taken. A follow-up review to confirm this will be undertaken as part of the 2001/2002 internal audit work.

(e) **Personnel and Management Services****Systems Review of Photocopying Services (00/21)****Introduction**

This review of the above was undertaken as part of the planned internal audit activity for 2000/2001.

### Scope and Objectives

The principal areas examined during this review included the contract with Rank Xerox, contract monitoring and the invoicing and recharging of photocopying services.

The overall objective was to provide an audit opinion on the adequacy of the systems currently operated.

### Key Findings

*It was concluded from the audit fieldwork and tests that the systems and controls are being operated and there were no material issues to be reported to the Director of Personnel and Management Services.*

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