

**South Ayrshire Council**

**Report by Chief Internal Auditor  
to Audit and Governance Panel  
of 29 August 2018**

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**Subject: Internal Audit Annual Report 2017/18**

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**1. Purpose**

- 1.1 The purpose of this report is to advise Members of the work carried out by Internal Audit in respect of the 2017/18 internal audit plan.

**2. Recommendation**

**2.1 It is recommended that the Panel:**

**2.1.1 notes the position regarding the 2017/18 internal audit plan; and**

**2.1.2 approves the deferral of audit assignments not started, to enable the 2018/19 audit plan to be progressed.**

**3. Background**

- 3.1 The 2017/18 internal audit plan was approved by the Audit and Governance Panel (Panel) at the meeting of 20 June 2017.

- 3.2 The [Public Sector Internal Audit Standards 2017](#) (PSIAS) requires the Chief Internal Auditor to deliver an internal audit opinion and report that can be used by the organisation to inform its governance statement.

- 3.3 Sufficient work was completed at the time of the previous Panel meeting of 30 May 2018 to enable the annual statement on internal controls to be issued for 2017/18 which stated:

*'Internal Audit can provide reasonable assurance over the framework of governance, risk management and control and that adequate controls were in place, and were operating throughout the Council in 2017/18.'*

**4. Proposals**

- 4.1 The Annual Report for 2017/18 is included in [Appendix 1](#).

- 4.2 The audit plan for 2017/18 was substantially completed, with twelve audit reports issued to date. A further six assignments are almost complete (draft report or clearance stage). There were no 'red' reports issued in 2017/18.

4.3/

4.3 Earlier in the year a decision was made to defer three audit assignments (capital accounting, debtor accounts, and health and safety policies). Approval is now sought for the deferral of a further assignment which has not started (property leases). These assignments have been added to a reserve list to be considered in future audit plans, however following an assessment of risk it is considered necessary to now direct audit resources towards commencing the 2018/19 audit plan.

## **5. Legal and Procurement Implications**

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report.

## **6. Financial Implications**

6.1 Not applicable.

## **7. Human Resources Implications**

7.1 Not applicable.

## **8. Risk**

### ***8.1 Risk Implications of Adopting the Recommendations***

8.1.1 There are no risks associated with adopting the recommendations.

### ***8.2 Risk Implications of Rejecting the Recommendations***

8.2.1 Audit reports include, in the action plans, a separate risk assessment detailing the risk of not implementing each of the Internal Audit recommendations.

## **9. Equalities**

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#).

## **10. Sustainable Development Implications**

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

## **11. Options Appraisal**

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

## **12. Link to Council Plan**

- 12.1 The proposals contained in this report link to the Council Plan objectives: ' We will ensure public services work together to deliver for our people and places, minimising duplication, maximising impact and support each other to deliver on priorities.' and linked to that, achieving objectives through 'Systematic review – Designing systems to eliminate duplication; streamline processes; harness technology; improve online service access; and maximise the potential of our assets and workforce.

## **13. Results of Consultation**

- 13.1 There has been no public consultation on the contents of this report.

**Background Papers**     **Report to Audit and Governance Panel of 20 June 2017 –  
[Internal Audit Service – Internal Audit Plan 2017/18](#)**

**Report to Audit and Governance Panel of 30 May 2018 –  
[Internal Audit – Statement on Internal Control](#)**

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**Date: 22 August 2018**

## South Ayrshire Council

### Internal Audit Annual Report 2017/18

#### Introduction

1. Details of the position regarding audit assignments included within the 2017/18 audit plan are attached to this report ([Annex 1a](#)).
2. During the 2017/18 audit year, the review of the Council's management structure placed the Internal Audit and Corporate Fraud Team within the People Directorate. The Chief Internal Auditor remains directly responsible to the Audit and Governance Panel and attends all Panel meetings. The Chief Internal Auditor continues to have unfettered access to the Chief Executive where required.
3. Following the approval of a new Internal Audit structure at the Leadership Panel on 13 June 2017, the structure of the audit service now includes four full time equivalents (FTE), of which two FTE hold professional qualifications (Chief Internal Auditor and Senior Auditor). In the future when the Auditor post is next advertised, a professional qualification will be required. The Fraud Team includes a further two FTE. In July 2018 the Senior Investigations Officer became an Accredited Counter Fraud Specialist with the Counter Fraud Professional Accreditation Board.

#### Internal control framework

4. The presence of an effective internal audit function contributes towards, but is not a substitute for, effective control. It is the responsibility of management to have adequate controls in place and to ensure these controls are operating effectively. A sound control system will help safeguard assets, ensure records are reliable, promote operational efficiency and ensure adherence to Council policy and procedure. Such systems of internal control can provide only reasonable and not absolute assurance against loss.

#### Reporting requirements of the Public Sector Internal Audit Standards (PSIAS)

5. The Internal Audit Service continues to operate in accordance with the PSIAS requirements. Internal Audit is an independent function, with internal auditors remaining objective in the performance of their work. The Internal Audit Charter meets the requirements of the PSIAS, and sets out the purpose, authority and responsibility of the service.
6. The PSIAS places a number of reporting obligations on the Chief Internal Auditor in respect of the annual report. These obligations are summarised below:

PSIAS Ref	Requirement	Evidence
1110	The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity.	There is reporting directly to the Audit and Governance Panel, and unfettered access available to the Chief Executive as required.

PSIAS Ref	Requirement	Evidence
1320	The results of the quality and assurance programme and progress against any improvement plans must be reported in the annual report.	The results of the external assessment were reported to Panel of 21 March 2018.  The first six monthly exception report will be provided to Panel for the meeting of 29 August 2018.
2450	The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.	Report to Panel of 30 May 2018 provides the annual statement of assurance on internal controls.  Annual report provided to Panel for meeting of 29 August 2018.
2450	The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.	Report to Panel of 30 May 2018 provides the annual statement of assurance on internal controls.
2450	The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.	Annual report provided to Panel for meeting of 29 August 2018.  Progress report for 2018/19 includes progress against the PSIAS action plan, by exception.

7. As noted above, the Chief Internal Auditor is required to confirm the internal audit service's compliance with the Public Sector Internal Audit Standards (ref 2450). On 21 March 2018, Panel received a report detailing the results of the independent external review by East Renfrewshire's Chief Internal Auditor, together with a 23 point action plan to address areas of improvement identified. The overall opinion from that review was that the Council's internal audit service generally conforms to the PSIAS.
8. In March 2018 Panel agreed that six monthly exception reporting against the action plan would be brought back to Panel. Details of this are included in the 2018/19 progress report to Panel for this meeting of 29 August 2018.

### **Achievement of the annual audit plan**

9. Internal audit activity during the year was undertaken in accordance with the annual internal audit plan. Progress reports have been provided to Audit and Governance Panel regularly throughout the year, including summaries of reports issued.
10. Sufficient coverage of the 2017/18 audit plan was achieved by May 2018 to enable the Acting Chief Internal Auditor to issue the statement of internal control, which concluded reasonable assurance could be taken over the framework of governance, risk management and control.
11. A comparison of the planned and actual audit days achieved is summarised in the following table, analysed by the type of audit activity:

Type of audit	Planned for 2017/18	Actual days achieved
Core systems	230	185
Ongoing assurance	40	23
Directorate risks	100	9
Best Value/ Corporate Governance	90	6
Regularity	110	119
Other	180	108
<b>Total Internal Audit Team</b>	<b>750</b>	<b>450</b>
Work assigned to Audit Glasgow	-	35
<b>TOTAL</b>	<b>750</b>	<b>485</b>

### 11.1 Variance analysis

- i. The 'directorate risks' plan includes housing repairs/voids, fleet policy, AVJB and IJB assignments. AVJB testing includes testing on council tax and non-domestic rates and was included under core systems work. Fleet policy testing focused on annual driving licence checks and is included in the work which Audit Glasgow is performing on travel and subsistence testing. The work on the IJB assignment (complaints) is also covered by Audit Glasgow.
- ii. The 'best value/corporate governance' plan includes annual assurance statements/review of compliance with the code of corporate governance, as well as gifts and hospitality. Annual assurance statements/code of corporate governance time was coded elsewhere in the preparation of the annual assurance statement. The gifts and hospitality work was undertaken by Audit Glasgow.

### 11.2 The overall number of productive days is lower due to a number of factors:

- i. Fundamental within the audit team is the Senior Auditor post, however for 2017/18 there was no Senior Auditor in post for nine months from June 2017 to February 2018.
- ii. There was no Chief Internal Auditor in post from September to December 2017, at which point the Acting Chief Internal Auditor took up post.
- iii. The absence of both the Chief Internal Auditor and the Senior Auditor in the period September to December 2017 left only the Auditor and the Assistant Auditor posts fully operational.
- iv. Following the appointment of the Acting Chief Internal Auditor, an amount of non-productive time is to be expected, however there was a greater amount than normally required due to work obtaining additional resources to carry out audit reviews and due to time spent on the external review of internal audit by the Chief Internal Auditor of East Renfrewshire Council.

12. The following reports have been issued since the last 2017/18 update provided to the Audit and Governance Panel of 30 May 2018, and are available to Members on Re-Wired. Summaries of these reports are provided as Annexes to this report.

Audit Plan Ref	Report No.	Description	Assurance Level	No. of Action Points	Annex
7	<a href="#">2018-35</a>	Creditor Payments - ordering	Substantial	4	<a href="#">2a</a>
41	<a href="#">2018-39</a>	Petty Cash Checks	Substantial	4	<a href="#">2b</a>
5	<a href="#">2018-41</a>	Council Tax – Valuations	Full	0	<a href="#">2c</a>
-	<a href="#">SR/17/202009</a>	ARA: Roads Bonds	Limited	2	<a href="#">2d</a>
21	<a href="#">2018-44</a>	Housing Repairs, Voids and Costs	Full	0	<a href="#">2e</a>
14 – 20	<a href="#">2018-45</a>	Continuous Auditing	Substantial	1	<a href="#">2f</a>
9	<a href="#">2018-46</a>	Homeless rents	Substantial	2	<a href="#">2g</a>

13. The Internal Audit Service aims to be at least 70% productive, ensuring that at least this amount of time is spent on audit assignments and assistance. The productivity level is shown in the following table:

	2017/18	2016/17
Productive	74.5%	83.1%
Non-productive*	8.6%	3.8%
Management	16.9%	13.1%

\*e.g. management review, administration, training and meetings

14. The Internal Audit Service aims to be at least 70% productive, ensuring that at least this amount of time is spent on audit assignments and assistance. Although the team has remained above target, productive time is lower than in the previous year. Explanations for this are provided at paragraph 11.2 above.
15. A total of twelve audit reports have been issued for 2017/18, not including those outputs which relate to special investigations.
16. Twenty accounts have been prepared and audited for Community Councils for the 2017/18 financial year.
17. There are a further six audit assignments which are substantially completed and are at the draft report/clearance stage.

#### Items to be deferred

18. During the course of the year, three assignments had been identified for deferral due to a number of circumstances such as new systems or revised processes being put in place. At this point, there is one further assignment to be deferred at the approval of the Panel relating to property leasing (plan reference 31). Work has not commenced on this assignment, due to a number of other priorities within the service such as investigative work, and at this point in the year is it not considered of sufficiently high risk to prioritise it over commencing the 2018/19 audit plan.
19. All audit assignments which have been identified for deferral will be added to a reserve list and considered as part of the audit planning process for 2019/20.

## Progress against 2017/18 Internal Audit Plan

Job No	System	Audit Area	Type	Status
1	Main Accounting	Coding	Core system	Report being drafted
2	Capital Accounting	Asset Register	Core system	Deferred
3	Capital Contracts	Select list/contract award	Core system	Report being drafted
4	Cash Income and Banking	Reconciliation	Core system	Completed via spot checks (item 41)
5	Council Tax	Valuations	Core system	Completed
6	Non-Domestic Rates	Valuations	Core system	Completed
7	Creditor Payments	Ordering	Core system	Completed
8	Debtors Accounts	General	Core system	Deferred
9	Housing	Homeless rents	Core system	Completed
10	Payroll	General	Core system	Completed
11	IT Systems/Computer Audit	Physical and environmental controls	Core system	Completed. Work done in two key council systems – CT and NDR.
12	Unified Benefits	Processes and procedures	Core system	NFI is bi-annual. Follow up work done on NFI in 2017/18, concentrating on referrals and NFI matches. External audit performed additional testing in 2017/18.
13	Analytical Review – General	Income trends	Ongoing assurance	Completed
14	Continuous Review	Payroll	Ongoing assurance	
15	Continuous Review	Creditors	Ongoing assurance	
16	Continuous Review	Debtors	Ongoing assurance	
17	Continuous Review	Development	Ongoing assurance	
18	Continuous Review	Payroll (Follow Up)	Ongoing assurance	
19	Continuous Review	Creditors (Follow Up)	Ongoing assurance	
20	Continuous Review	Debtors (Follow Up)	Ongoing assurance	

Job No	System	Audit Area	Type	Status
21	Housing	Repairs, voids and costs	Directorate Risk	Completed
22	Neighbourhood Services	Fleet Policy	Directorate Risk	Full fleet policy only recently approved; other coverage in this area on testing driving licence checks from Travel & Subsistence work (assignment 36).
23	AVJB	Valuation Roll	Directorate Risk	Completed
24	Health and Social Care Integration	Complaints	Directorate Risk	Report being drafted
25	Financial control statements	Annual Assurance Statements	BV/Corp Gov	Completed – considered as part of the Internal Audit annual assurance statement
26	National Fraud Initiative	Outputs	BV/Corp Gov	Ongoing
27	Performance Indicators	Statutory Performance Indicators	BV/Corp Gov	Testing methodology reviewed as a response to the changing performance indicator reporting calendar. Testing will commence in 2018/19 under the new methodology.
28	Corporate Governance	Adherence to Code	BV/Corp Gov	Completed – received and reviewed as part of preparing the annual statement of internal controls
29	Health and Safety Policies	Adherence to policies	BV/Corp Gov	Deferred
30	Gifts and Hospitality	Policies & Procedures	BV/Corp Gov	Report has been cleared and is with the service to complete the action plan prior to issue and upload to Re-Wired. Conclusion – amber (limited assurance).
31	Property Leases	Policies & Procedures	BV/Corp Gov	Deferred
32	Following the Public Pound	Grants	BV/Corp Gov	Follow up of previous work in this area is being conducted. This is at fieldwork stage.

Job No	System	Audit Area	Type	Status
33	Follow-Up Audits	General	BV/Corp Gov	Members are updated on action plan points passed their implementation due date in each progress report. Follow-up work on Schools Meals Income review completed and audit approach to follow-up reviewed in 2017/18.
34	Schools	School visits	Regularity	Completed
35	Social Work Locations	Selection of residential locations	Regularity	Completed
36	Travel & Subsistence	Verify claims	Regularity	Report being drafted
37	Members expenses	Payroll and expenses	Regularity	Report being drafted
38	Community Councils	Accounts	Regularity	Completed. For 2017/18, Internal Audit have prepared and audited financial statements for 20 Community Councils.
39	Grants	Grants	Regularity	Completed (primarily LEADER work)
40	Aids and Adaptations	Grants	Regularity	Removed as Internal Audit no longer audit these grants.
41	Cash checks	Across all Council Services	Regularity	Completed
42	Stores control	Store Procedures	Regularity	Report being drafted
43	Audit Manual	Main systems	Other	Ongoing
44	Investigations and client requests	All Directorates	Other	Ongoing
45	Management, review, follow-up etc	All Directorates	Other	Ongoing
46	External Assessment	Internal Audit	Other	Review of South Ayrshire Council complete. Peer review of Perth & Kinross Council in progress.
47	Brought Forward from 2016/17	2016/17 Audit Plan	Other	Work being undertaken to update the data for this output.

## SUMMARY

### Creditor Payments - ordering

#### **Overall objective**

The aim of this audit is to ensure that adequate controls are in place when ordering goods, materials and services and to ensure that officers comply with Council Financial Regulations and Purchase to Pay.

#### **Context**

The audit was carried out by completing the CIPFA control schedule (Appendix 3). A sample of invoices was traced to purchase orders to test that that officers complied with the Purchase to Pay Process and Council Financial Regulations. The Council is accountable for the stewardship of public funds. From April to October of financial year 2018, 54,551 invoices were paid. Of this amount 95% were paid in less than 30 days.

#### **Audit Opinion**

Sufficient key controls are in place and working effectively to enable a **substantial assurance** opinion to be given on the system of control. The level of risk is **medium** that Purchase to Pay processes and Financial Regulations are not being followed.

#### **Next steps**

The audit gave rise to four recommendations, which management agreed to implement:

- **no high risk**
- **two medium risk**
- **two low risk**

The recommendations relate to:

- ensuring that services comply with Financial Regulations and the Purchase to Pay process by raising official purchase orders via Oracle, i-Procurement for goods, services and materials
- carrying out a review of unmatched invoices in Processit to identify services in breach of Financial Regulations and the Purchase to Pay process
- ensuring payments for extended hire periods of vehicles or equipment are accurately matched to purchase orders
- reviewing Nursery Authorisation Codes to ensure that attendance patterns are accurately confirmed prior to payment

Unless these recommendations are addressed, there is a risk that officers are in breach of Financial Regulations and the Purchase to Pay process which may result in financial consequences for the Council.

More detail on these recommendations is shown in the [Action Plan](#) in Rewired.

## SUMMARY

### Petty cash checks

#### **Overall objective**

The aim of this audit is to ensure that petty cash at various Council premises is handled in accordance with the Financial Regulations.

#### **Context**

The Council has 116 petty cash accounts with a total value of £37,930 held within various premises across the Council. The Council has procedures that should be followed when administering these accounts.

#### **Audit Opinion**

There were no issues concerning the cash values checked however not following the Council's procedures risks misappropriation of cash.

#### **Next steps**

The audit gave rise to four recommendations, which management agreed to implement:

- **no high risk**
- **four medium risk**
- **no low risk**

The main recommendations relate to non-conformance to petty cash procedures.

Unless these recommendations are addressed, there is a medium risk of misappropriation of Council money.

More detail on these recommendations is shown in the [Action Plan](#) in Rewired.

## SUMMARY

### Council Tax - Valuation

#### **Overall objective**

The aim of this audit is to ensure that the valuations of properties liable for Council Tax (CT) are carried out in accordance with procedures, controls and regulations by officers from Ayrshire Valuation Joint Board (AVJB) and data held in systems operated by South Ayrshire Council (Council) Council Tax (CT) Finance agree to AVJB systems.

#### **Context**

The valuation of domestic dwellings liable for Council Tax within the North, South and East Ayrshire authorities is a function carried out by officers from the Ayrshire Valuation Joint Board (AVJB). As at 31 March 2018, there were just under 182,000 dwellings across the three authorities and in 2017/18 there were 1,800 changes (additions/ deletions/ amendments) to the valuation list.

#### **Audit Opinion**

On the basis of tests carried out, a **full assurance** opinion can be given that there is low level of risk that valuations do not agree between systems operated by AVJB and SAC.

#### **Next steps**

No recommendations were made following the audit.

## SUMMARY

### ARA: Road Bonds

#### **Overall objective**

The aims of this audit were to verify:

- policy and procedures accord with Scottish Government strategy and national guidance on best practice;
- corporate governance and reporting arrangements are fit for purpose and effectively applied;
- practical processes and supervisory controls are in place in ARA for implementing approved policy;
- ARA's bond management is supported by effective partnership arrangements with third parties (e.g. with South Ayrshire Council; and with East Ayrshire Council's Planning & Economic Development, Finance & ICT and Legal Services); and
- Bond values reflect application of the above and give sufficient budget to fund any necessary remedial work.

#### **Context**

The audit examined ARA's arrangements in East and South Ayrshire. As at November 2017, the ratio of pre- to post-ARA-creation bonds was 24:15 in East and 7:14 in South; the issues identified in the report primarily relate to bonds agreed in East prior to the establishment of ARA. In February 2018, ARA reported managing bonds with current value of £10.530m in East and £5.672m in South.

#### **Audit Opinion**

Limited assurance. Audit found control weaknesses presenting risks of failure to secure amounts due. These risks primarily relate to bonds entered into prior to the establishment of ARA; and primarily to bonds in East Ayrshire.

#### **Next steps**

The audit gave rise to two recommendations, which management agreed to implement:

- **two high risk**
- **no medium risk**
- **no low risk**

The recommendations relate to:

- clarification of ARA procedures, namely the roles and responsibilities of ARA and constituent council services; and
- reviewing reporting arrangements to the Ayrshire Shared Services Joint Committee (ASSJC).

More detail on these recommendations is shown in the [Action Plan](#) in Rewired.

## Update from East Ayrshire Council's Chief Auditor

Since the report was issued in May 2018 work has been carried out by the service to address the recommendations including liaison with Internal Audit.

On 1 August 2018 the Head of ARA advised the Chief Auditor of the current position:

- 'All the issues raised as part of the Audit on Roads Bonds have been actioned and completed.
- New procedures and process maps have been prepared and they are being used to ensure consistency throughout the Ayrshire Roads Alliance.
- All these procedures and process maps have been communicated to relevant Ayrshire Roads Alliance staff. This includes a full suite of standard letters which have received Legal approval and the road bond calculation template which has been updated with the current prices for undertaking this type of work.
- In addition, the reporting method has been amended. Additional internal controls have been agreed which includes three monthly progress reports presented to the Head of Roads, which highlight any changes in the road bonds, and any issues which need to be addressed. In the future, a review of all existing Road Bonds will be undertaken as at 31 March each year and this will form the basis of the Report submitted to the Ayrshire Shared Services Joint Committee at the first Committee meeting in each new financial year.
- This work has been carried out to reduce financial risk to both Councils.'

In line with established arrangements Internal Audit will test the evidence to support the implementation of the two recommendations and the subsequent report will be shared with East Ayrshire Council's Governance & Scrutiny Committee, South Ayrshire Council's Audit & Governance Panel and the Ayrshire Shared Services Joint Committee in the usual way. That follow-up exercise is currently scheduled for quarter four of 2018/19.

## SUMMARY

### Housing Repairs, Voids and Costs

#### **Overall objective**

The aim of this audit is to ensure that void properties are correctly recorded and monitored.

#### **Context**

The Council expended £2.65M in 2017/18 on the refurbishment of void properties to bring them up to letting standard. In addition to the revenue expenditure, £260K was expended on capital elements of work (kitchen replacements, rewiring, etc for properties that were scheduled to be modernised or required modernisation works and this work was undertaken whilst the property was void before being relet to the new tenant).

#### **Audit Opinion**

Sufficient key controls are in place and working effectively to enable a **full assurance** opinion to be given on the system of control, based on the sample testing performed. The level of risk that incorrect charging occurs is **low**.

#### **Next steps**

The audit gave rise to no recommendations.

## SUMMARY

### Continuous Auditing

#### **Overall objective**

The aim of this audit is to maximise the coverage of audit topics by the use of analytical tools.

#### **Context**

The Council uses an audit plan to give assurance to stakeholders on corporate governance. Continuous audit is one method to leverage audit resources to gain wider cover.

#### **Audit Opinion**

On the basis of tests carried out **substantial assurance** can be given for the areas within the scope of the assignment. The risk of error is **low**.

#### **Next steps**

The audit gave rise to one recommendation, which management agreed to implement:

- **no high risk**
- **one medium risk**
- **no low risk**

The recommendation relates to restricted access to process steps.

Unless this recommendation is addressed, there is a risk that actions could be performed on the application data in error.

More detail on this recommendation is shown in the [Action Plan](#) in Rewired.

## SUMMARY

### Homeless Rents

#### **Overall objective**

The aim of this audit is to ensure that the Council has in place procedures to make appropriate charges for available housing options and to minimise arrears.

#### **Context**

The Council billed over 600 individuals for their share of the cost of Homeless accommodation, in relation to a total of 52,000 households in South Ayrshire.

#### **Audit Opinion**

Sufficient key controls are in place and working effectively to enable a **substantial assurance** opinion to be given on the system of control. The level of risk that the Council experiences high value of irrecoverable Homeless Rents is **medium**.

#### **Next steps**

The audit gave rise to two recommendations, which management agreed to implement:

- **no high risk**
- **one medium risk**
- **one low risk**

The main recommendation relates to maximising the take-up of Housing Benefit applications for homeless households placed in temporary accommodation and respond to any subsequent queries.

Unless these recommendations are addressed, there is a risk that the tenant will incur debt greater than their capacity to pay, and possibly the Council will require higher write off as a consequence.

More detail on this recommendation is shown in the [Action Plan](#) in Rewired.

1. Policy details

Policy Title <b>Internal Audit Annual Report 2017/18</b>	Lead Officer <b>Laura Miller</b>
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2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community, Groups of People or Themes	Negative Impacts	Positive impacts
The whole community of South Ayrshire	-	-
People from different racial groups, ethnic or national origin.	-	-
Women and/or men (boys and girls)	-	-
People with disabilities	-	-
People from particular age groups for example Older people, children and young people	-	-
Lesbian, gay, bisexual and heterosexual people	-	-
People who are proposing to undergo, are undergoing or have undergone a process to change sex	-	-
Pregnant women and new mothers	-	-
People who are married or in a civil partnership	-	-
People who share a particular religion or belief	-	-
Thematic Groups: Health, Human Rights, Rurality and Deprivation.	-	-

3. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes	Level of Negative and/or Positive Impact (high, medium or low)
Eliminate discrimination and harassment faced by particular communities or groups	<b>Low impact</b>
Promote equality of opportunity between particular communities or groups	<b>Low impact</b>
Foster good relations between particular communities or groups	<b>Low impact</b>
Promote positive attitudes towards different communities or groups	<b>Low impact</b>
Increase participation of particular communities or groups in public life	<b>Low impact</b>
Improve the health and wellbeing of particular communities or groups	<b>Low impact</b>
Promote the human rights of particular communities or groups	<b>Low impact</b>
Tackle deprivation faced by particular communities or groups	<b>Low impact</b>

4. Summary Assessment

<b>Is a full Equalities Impact Assessment (EQIA) required?</b> (A full EQIA must be carried out on all high and medium impact policies)		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
<b>Rationale for decision:</b>  This report advises Members of the work carried out by Internal Audit during the preceding financial year. Their decision on this has no specific equality implications.			
Signed      Laura Miller (Chief Internal Auditor)			
Date:    8 August 2018		Copy to <a href="mailto:equalities@south-ayrshire.gov.uk">equalities@south-ayrshire.gov.uk</a>	