



Internal Audit Report
Chief Executive Service
09/001 - Registrars
May 2010

Final Report

Corporate Services
Perth & Kinross Council
2 High Street
Perth PH1 5PH

Internal Audit Report

Background and Introduction

This assignment forms part of the approved audit plan for 2009/2010.

The Head of Democratic Services has responsibility for the delivery of the Registration function throughout Perth & Kinross in partnership with the Registrar General and in accordance with Legislation. The main statutory provision is the Registration of Births, Deaths and Marriages (Scotland) Act 1965.

Registrar Services are provided from a central Perth office and Local Area Offices at Auchterarder, Blairgowrie, Crieff, Kinross, and Pitlochry. A Home-based Registrar operates from Milnathort. In addition, Kinloch Rannoch provides a registrar service from the local medical practice and Aberfeldy operates from Dalweem Residential Home. A solicitor based office is in operation in Coupar Angus.

The Perth office and local Area offices utilise a Forward Electronic Registration (FER) method of registration, whilst other providers use traditional paper-based systems.

In the course of the audit, the auditor visited the Central Perth office at 5 High Street, Blairgowrie Local Area office and Coupar Angus Registrars.

Acknowledgements

Internal Audit acknowledges with many thanks the co-operation and assistance of The Team Leader (Registration, Elections and Community Councils), The Registration Services Officer and her staff, the Blairgowrie Area Office staff and the staff of Watson and Lyall Bowie, Solicitors, Notaries and Estate Agents, Coupar Angus 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 1: To ensure that the functions of the Registrar are carried out in accordance with relevant legislation, best practice and internal procedures.	
Auditor's Comments: The functions of the Registrar are carried out in accordance with the Registration of Births Marriages and Deaths Act 1965 and other relevant legislation through comprehensive guidance and monitoring. Professional and internal training ensures best practice and compliance with internal procedures.	
Strength of Internal Controls:	Strong

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Control Objective 2: To ensure records are complete, accurate, and securely maintained	
Auditor's Comments: The continuous improvement of accuracy levels is of paramount importance within the Registrars service. The level of checks carried out is sufficient to maintain and continue to improve accuracy levels. Security and storage of records and documents is governed by the 'Handbook of Instructions to Registrars'. Measures in place at the time of audit fieldwork evidenced compliance with the Handbook.	
Strength of Internal Controls:	Strong

Control Objective 3: To ensure that effective control over income sources is maintained.	
Auditor's Comments: The Auditors review of the financial procedures in operation within the central office at 5 High Street highlighted a lack of detailed guidance for the reconciliation processes. However, as a result of the review, revised procedures were devised and agreed; consequently current financial procedures within 5 High Street are satisfactory. At the time of audit the general procedures file within 5 High street was under development. Site specific financial procedures are not in operation within the Coupar Angus Office.	
Strength of Internal Controls:	Moderate

Control Objective 4: To ensure that adequate plans are maintained, for continuous improvement, targets have been set and progress is monitored and appropriately reported.	
Auditor's Comments: Adequate plans are maintained for continuous improvement, targets are set and monitored both internally and externally with appropriate reporting.	
Strength of Internal Controls:	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 Irons, Depute chief Executive

G Taylor, Head of Democratic Services

I Hall, Democratic Manager (Administration)

B Lackie, Team Leader, Registration, Elections and Community Councils

M Kay, Senior Committee Officer

P Dickson, Complaints & Governance Officer

External Auditor

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Authorisation

The auditor for this assignment was J Smith. The supervising auditor was D A Farquhar.

This report is authorised for issue:

Jackie Clark
Acting Chief Internal Auditor
Date: 24 May 2010

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Procedures Manual - Central Perth Office	Low
2	Reconciliation Processes	Low
3	Financial Training and Procedures - Coupar Angus Office.	Low
4	Circulation of Insurance Limits- Local Area Offices	Low
5	Insurance responsibility –Coupar Angus	Medium
6	Security of Safe Keys	Medium
7	Monitoring outside offices	Low

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Appendix 2: Action Plan

Action Point 1 - Procedures – 5 High Street

The main guidance for Registration staff on professional practice is provided by the Registrar General Handbook; periodic updates are provided to each Registration office by the Registrar General's office. The Auditor noted that the latest updates had been properly incorporated into the Handbook at the Central Perth office in a timely manner.

Other procedures, concerning the registration and general office activities at 5 High Street are inconsistent, in that some are maintained manually and some in electronic form. These procedures, some of which were out of date and lacking in detail, are not held in a comprehensive manual.

In addition, there was no index of existing procedures (for manual and electronic procedures), specified period of review nor system of version control in place.

The Registration Services Officer agreed the need for review and stated that the procedures were to be reviewed, updated and merged imminently.

Management Action Plan

A full review of the general administration procedures will be carried out, and a central procedures manual will be devised and updated as necessary.

Importance:	Low
Responsible Officer(s):	H Moist, Registration Services Officer
Lead Service:	Chief Executive's
Date for Completion (Month / Year):	September 2010
Required Evidence of Completion:	The amalgamated procedures for review.

Auditor's Comments

Satisfactory

Action Point 2 - Reconciliation Processes

Audit review of the current Administration/Financial Procedures held at the Central Perth office highlighted that, while they cover the requirement for “cash reconciliation and transaction reconciliation” they lack detail on the processes necessary to complete the reconciliations.

The Registration Services Officer agreed for the need to rectify the omission.

Management Action Plan

The Administration/Financial Procedures will be amended to incorporate detailed processes in cash reconciliations and transaction reconciliations.

Importance:	Low
Responsible Officer(s):	H Moist, Registration Services Officer
Lead Service:	Chief Executive’s
Date for Completion (Month / Year):	Completed
Required Evidence of Completion:	The amended Administration/Financial Procedures

Auditor’s Comments

Satisfactory

Action Point 3 - Financial Training and Procedures, Coupar Angus

The Auditor noted that the three members of staff within the Coupar Angus Office who have responsibility for the collection and administration of Registrar Income, have received no financial training. There is also a lack the appropriate documented procedural guidance to carry out the collection and administration of Registrar income efficiently and effectively.

Without adequate training and procedural guidelines there are increased risks of inconsistent practices and errors arising from inadequate control.

Management Action Plan

The Service will provide the necessary training and a written procedure will be devised and distributed accordingly.

Importance:	Low
Responsible Officer(s):	H Moist, Registration Services Officer
Lead Service:	Chief Executive's
Date for Completion (Month / Year):	September 2010
Required Evidence of Completion:	The finalised financial procedures for the Coupar Angus office. Evidence of training provided

Auditor's Comments

Satisfactory

Action Point 4 - Insurance Limits – Local Area Offices

Following the visit to Blairgowrie Area Office, the Auditor noted that staff in the Local Area Offices were unaware of the maximum amount of cash which can be retained in their respective safes for the purposes of insurance.

Management Action Plan

The Service will ascertain from the Insurance Section the insurance limits for cash retained in safes at each Area Office and will notify Area Managers to ensure compliance with the limits.

Importance:	Low
Responsible Officer(s):	C Cairns, Neighbourhood Services Operations Manager.
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	June 2010
Required Evidence of Completion:	Copies of advice to Area Offices of their cash retention limits for insurance purposes.

Auditor's Comments

Satisfactory

Action Point 5 - Insurance Responsibility– Coupar Angus

The Auditor highlighted that the Council's Service Level Agreement with the firm of solicitors providing registration services in and around Coupar Angus does not incorporate provisions for liability with regard to losses of cash in transit or on the office premises. In addition while details of the various secure cash storage facilities are maintained by the Council's Insurance section for the non Council Registrar's establishments, no such details are held for the Coupar Angus Registry.

The Auditor also that noted that the solicitors' own office policy makes no reference to Council income.

The Assistant Exchequer Manager advised that the service provider should be insured against cash loss and that the Service Level Agreement should reflect this requirements.

Without clear roles and responsibilities for registrar income, the Council may not be reimbursed in the event of a loss.

Management Action Plan

The Service will amend the SLA to incorporate provisions for liability with regard to losses of Council cash in transit or on the office premises.

Importance:	Medium
Responsible Officer(s):	B Lackie, Team Leader, Registration, Elections & Community Councils
Lead Service:	Chief Executive's
Date for Completion (Month / Year):	September 2010
Required Evidence of Completion:	Amended Service Level Agreement

Auditor's Comments

Satisfactory

Action Point 6 - Security of Safe Keys

At Blairgowrie Area Office the Auditor noted that Registration cash received is stored in a safe with other monies such as rent and Council Tax income which has been collected at the Area office and processed through the Cash Receipting system by the cashiers.

There is scope for improvement over arrangements for the security of keys to the safe and strong room where such income is stored which was discussed at the time of audit.

There is a risk that without a record of which staff members hold the safe key, it is difficult to establish which member of staff is responsible for access to the safe.

Furthermore, whilst the Housing Finance Admin Manual incorporated a section on security of cash and key holding procedures (Sec 1.01), it does not incorporate procedures for area offices.

Management Action Plan

The Service will improve security over safe keys for Area Offices and incorporate a safe key log in daily security processes. In addition the Finance Admin Manual will be amended to include the procedure put in place over the security of safe keys.

Importance:	Medium
Responsible Officer(s):	C Cairns, Neighbourhood Services Operations Manager.
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	September 2010
Required Evidence of Completion:	Copy of the safe key logs. The Housing Finance Admin Manual incorporating the security of cash and key holding procedures for area offices.

Auditor's Comments

Satisfactory

Action Point 7 - Monitoring outside offices

The Registration Services Officer carries out performance monitoring, covering registration practices, operational procedures, and accuracy checks at all outside offices. Whilst notes are taken of any actions required, it has not been normal practice to formally document the visits.

Consequently The Registration Services Officer agreed that it would be beneficial to keep a file for each office with dates and details of visits carried out with any follow up actions required.

Management Action Plan

The Service will devise and maintain monitoring files for outside offices, incorporating detailed visit notes and or any follow up action requirements.

Importance:	Low
Responsible Officer(s):	H Moist, Registration Services Officer
Lead Service:	Chief Executive's
Date for Completion (Month / Year):	September 2010
Required Evidence of Completion:	Monitoring Documentation

Once Auditor's Comments

Satisfactory

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