

## **INTERNAL AUDIT SUMMARY REPORT**

### **SECOND TIME AROUND SERVICE**

#### **1. INTRODUCTION**

- 1.1. The objective of the audit is to review the processes following a referral received with a view to providing assurance to the Authority over the adequacy of the internal control environment.
- 1.2. The scope of the audit intended to verify the various systems in place within the Second Time Around Service with specific emphasis on:
  - The receipt of clothing supplied by the Hospice of the Valleys,
  - The return of clothing to the Hospice of the Valleys following laundering,
  - The use of unwanted clothing for 'rag' and the process of receiving income,
  - The staff sale rail and associated controls.
- 1.3. The audit was conducted by the Technical Auditor and took the form of a series of detailed tests and checks, together with discussions with operational staff and managers.

#### **2. SUMMARY OF FINDINGS**

- 2.1. Four weaknesses were identified with three weaknesses being classified as a High Risk, and the remaining weakness classified as Medium Risk. The areas involving the High Risk weaknesses were:
  - That Receipts are not issued to the Hospice of the Valleys when clothes donations are received for laundering.  
Agreed action – Receipts are provided for the Hospice delivery drivers but these only refer to the number of bags/boxes, not itemised item's received. The same receipt also confirms the items being returned as above. There is now an agreed delivery amount with the Hospice of 6 bags per week.
  - That no reconciliation is undertaken between the expected income to be received for rag collections and the actual amount received  
Agreed action – Historically income from rag has been paid per bag. It is now paid by weight. The officer weighs the rag along with the collection driver and a receipt is issued which allows the service to correlate expected and actual income.
  - That receipts are not issued to the staff that purchase items from the 'sale rail'.  
Agreed action – Currently a receipt is given to the individual donating the items; clothes are laundered and made available for sale. Purchaser will receive a receipt clearly indicating the amount paid in the form of a donation. The donations are collated monthly, recorded on a ledger and banked into the service user amenity fund.

#### **3. CONCLUSION**

- 3.1. The Audit Report is produced on an exception basis; consequently the only points made are where weaknesses have been identified. The samples chosen would not be able to cover every transaction or eventuality; therefore reliance is placed in part on the information and explanations provided by the appropriate officers.

- 3.2. It was evident from the Internal Audit Review that there are weaknesses regarding the internal controls over the receipt and issue of the clothes received by the Second Time Around Service. It is evident that the lack of recording of what is received and returned could lead the Service to be challenged as they would be unable to prove the trail that the clothes donation takes.

#### **4. INTERNAL CONTROL STANDARD GRADING**

- 4.1. In accordance with the standard gradings, the systems examined indicate that the internal controls within the provision of the Second Time Around Services have identified weaknesses. The grading is therefore assessed as '**Limited Assurance**'.