



**Comhairle nan Eilean Siar  
Internal Audit Review  
Catering Trading Organisation  
Final Report – 2023/24-19**

**12 March 2024**

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
CATERING TRADING ORGANISATION**

**CONTENTS**

	<b>Page</b>
<b>SECTION 1</b> <a href="#"><u>EXECUTIVE SUMMARY</u></a>	1-2
<b>SECTION 2</b> <a href="#"><u>RECOMMENDATIONS AND AUDIT OPINION</u></a>	3
<b>SECTION 3</b> <a href="#"><u>FINDINGS, RECOMMENDATIONS AND ACTION PLAN</u></a>	4-6
<b>APPENDIX A</b> <a href="#"><u>RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT</u></a>	7
<b>APPENDIX B</b> <a href="#"><u>DEFINITION OF AUDIT OPINIONS</u></a>	8
<b>APPENDIX C</b> <a href="#"><u>ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES</u></a>	9

<b>Date of Visit</b>	<b>October 2023</b>
<b>Draft Report Issued</b>	<b>28 February 2024</b>
<b>Management Response Received</b>	<b>12 March 2024</b>
<b>Final Report Issued</b>	<b>12 March 2024</b>

<b>Issued to:</b>	
<b>Chief Executive</b>	<b>Malcolm Burr</b>
<b>Chief Officer for Education &amp; Children’s Services</b>	<b>Donald A. Macleod</b>
<b>Operations Manager</b>	<b>Diane Campbell</b>
<b>Audit Scotland</b>	<b>Martin Devenny</b>

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
CATERING TRADING ORGANISATION**

**SECTION 1: EXECUTIVE SUMMARY**

**Introduction**

1.1 The Report has been prepared following an internal audit review of Catering Trading Organisation as part of the operational annual internal audit plan for 2023/24. The purpose of the Report is to provide an overview of the Comhairle's arrangements for the operation and the trading operation. The scope of the audit included a review of the following objectives:

- Confirm that there are regular inspections undertaken by Environmental Health and Management;
- Confirm that there are documented quality control processes in place, and this is regularly reviewed by Management;
- Confirm that all staff have appropriate food and hygiene training and have completed disclosures;
- National Guidelines are adhered to in all school catering establishments;
- Ensure appropriate protocols are established regarding budgeting and monitoring while ensuring financial and service performance is periodically reported to the appropriate Committee;
- Confirm that appropriate compliance testing is taking place in school kitchens;
- Confirm that there are health and safety measures in place in the catering establishments;
- Confirm that the purchase of stock is in accordance with procurement procedures and appropriate controls are in place for authorisation and approval; and
- Confirm that stock is controlled and stored securely with regular reconciliations undertaken and signed off by a senior member of staff.

**Background Information**

1.2 The Catering Trading Organisation is responsible for providing meal services to all nursey, primary and secondary schools within the Western Isles. The service deals with all staffing, stock, equipment, and premises. The Catering TO must ensure that all foods served are in keeping with The Nutritional Requirements for Food and Drink in Schools. The guidelines differ for nursery, Primary and Secondary schools and apply to public schools and grant aided schools which are provided and maintained by education authorities under the Education (Scotland) Act 1980.

The Catering TO operates under the control of the Chief Officer for Education, Skills and Children's Services. The Catering TO needs to have separate accounts prepared and audited annually.

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
CATERING TRADING ORGANISATION**

During the previous audit the annual uptake of school meals for Public/Adults/Nurse was 248,964. At the time these numbers were low in comparison to previous years due to covid. At this time the uptake number have increase to 537,53. It is believed that the cost-of-living crisis and the value for money element has led to the increased uptake throughout the islands.

**1.3 Areas of good practice**

- Knowledgeable staff
- Comprehensive procedures in place
- Nutritional Regulation adherence

**1.4 Concluding Remarks**

Our findings are included in the body of the Report. There were very few findings while undertaking this audit. A great deal of work has been undertaken by the Operational Manager and the team to address and resolve issues that were identified in the audit undertaken in 2020/2021.

- Since 2020 there have been no satisfaction surveys undertaken to ascertain feedback in relation to the service and the new menus implemented across the schools. Consideration should be given to undertaking a satisfaction survey to gain feedback on service provided.

## SECTION 2: RECOMMENDATIONS AND AUDIT OPINION

- 2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

Definition of recommendation	Grade	No.
Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently.	High	
Important issues relating to controls being absent, not operating as expected or could be improved.	Medium	1
The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address.	Low	2

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur.

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

- 2.2 Based on the audit work carried out our overall opinion is that a **substantial** level of assurance can be placed upon the control environment of the service/area under review.

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**It should be noted that our findings and conclusions are based on the information made available to us at the time of our review.**

Internal Audit  
Comhairle Nan Eilean Siar  
Sandwick Road  
Stornoway  
Isle of Lewis  
HS1 2BW

12 March 2024

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
CATERING TRADING ORGANISATION**

**SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN**

<b>GRADE</b>	<b>FINDINGS &amp; IMPLICATIONS</b>	<b>RECOMMENDATION</b>	<b>MANAGEMENT COMMENT</b>	<b>RESPONSIBLE OFFICER</b>	<b>TARGET DATE OF IMPLEMENTATION</b>
M1	<p>During Covid most of the training in the department was moved online. All new cooks are being trained to SCQF level 5. Staff have been split into Lewis &amp; Harris and Uist &amp; Barra for recording training.</p> <p>The Service categorises training into 3 categories: Essential, Desirable or Statutory. The numbers of employees required to undertake each learning area are identified. Allergen Training has been classed as essential training but not all staff have undertaken this.</p> <p>Having looked at the training currently undertaken, Lewis &amp; Harris and Uist &amp; Barra staff have different training requirements. There does not seem to be any reason why training differs between the locations. If training is not undertaken or not required, the spreadsheet is left blank and therefore leaving the reader unable to distinguish whether training is required or not.</p>	<p>Training requirements should be the same throughout the islands. Training plans should state if training is not applicable rather than blanks being left on databases.</p> <p>To bring the training records of all catering staff up to date and arranges for all appropriate training to be completed throughout all the schools.</p>	Agreed	Operations Manager	August 2024

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
CATERING TRADING ORGANISATION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L1	<p>Stock management is not being undertaken in relation to stock coming into the canteens and the stock usage within the facility. At present monthly stocktakes are being undertaken and double checked. As there is no collation between purchases, items used and remaining stock, discussions were held regarding theft of stock due to the cost-of-living crisis. The Operational Manager does not believe there are any issues with stock leaving the buildings by way of theft through employees. Stock usage is calculated through the cost of meals within the establishments; this would help identify discrepancies.</p> <p>Stock levels held differ a little between establishments, this tends to depend on the staff working in the catering department, their experience with stock usage and in a couple of kitchens as they keep slightly higher stock levels as they are concerned about running out of items – some of this is due to uncertainty with the supply chain.</p>	It is recommended that due to low stock levels held that this is reassessed. Recommendation would be that stock is checked by one employee each month for stock monitoring and ordering purposes, with a secondary member of staff checking the levels at the fiscal year end for precision for the figures used for accountancy purposes.	Agreed	Operations Manager	April 2024

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
CATERING TRADING ORGANISATION**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
L2	<p>The previous audit suggested that The Operations Manager considers that spot checks undertaken are signed off on the quality control daily/weekly sheets.</p> <p>This has been fully implemented and there is a signature section at the bottom of each page for the supervisor / cook to sign and date. The Operations Manager currently undertakes spot checks when they visit the establishments to ensure Temperature Record and Daily Logbook are completed to an appropriate standard, signed and dated. The Operation Manager does check these but does not mark the document to advise they have reviewed it.</p>	When Operations Manager undertakes spot checks, they annotate this within the appropriate week in the logbook to show spot check has been undertaken.	Agreed	Operations Manager	April 2024



## **RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT**

### **Responsibility in Relation to Internal Controls**

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

### **Responsibilities in Relation to Fraud and Corruption**

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

**DEFINITION OF AUDIT OPINIONS AND RATINGS**

The standard definitions for internal audit assurance over an engagement are as follows:

<b>Level of Assurance</b>	<b>Definition</b>
Full Assurance	Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION