



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 10 MAY 2023

SUBJECT: INTERNAL AUDIT SECTION UPDATE REPORT

BY: AUDIT AND RISK MANAGER

1. REASON FOR REPORT

- 1.1 The report provides Committee with an update on the work of the Internal Audit Section.
- 1.2 This report is submitted to Committee in terms of Section III I (2) and (7) of the Council's Scheme of Administration relating to consideration of reports from the council's Internal Auditor and monitoring delivery of the audit service carried out by Internal Audit.

2. RECOMMENDATION

- 2.1 **Committee is asked to consider the contents of this report, seek clarification on any points noted and otherwise note the report.**

3. BACKGROUND

- 3.1 Public Sector Internal Audit Standards requires the Audit and Risk Manager to prepare and present reports to committee on internal audit's activity, performance relative to its Audit Plan, and any other relevant matters.
- 3.2 This report provides an update on audit activity and projects progressed since the last meeting.

4. UPDATE OF PROGRESS AGAINST THE AUDIT PLAN

- National Fraud Initiative 2022 – Council Tax Single Person Discount**
 - 4.1 The National Fraud Initiative (NFI) is a data matching project conducted by the Cabinet Office on behalf of Audit Scotland. Public bodies, including Local Authorities are mandatory participants in this process. A matching exercise was undertaken between information provided by the Taxation Service of householders claiming council tax single person discount and the electoral register, where there is more than one person in the household aged 18 or over at the property. The report provided by the NFI detailed 3129 matches.

4.2 While this volume of matches is significant, previous exercises have shown that the incidence of fraud is not. Accordingly, a proportionate approach has been taken to testing, which involved a high level 'scanning' of all matched data and more in-depth testing of a sample of matches: the following points were noted:

- Majority of the matches related to timing issues where changes of circumstances have occurred but are not reflected within the information provided to the NFI.
- However, testing found a need to cancel single person discounts for 13 households from the information provided in the NFI match. Most of these matches are related to changes in circumstances during the current year. An investigation is currently being undertaken by the Service in seeking a more automated approach to completing annual reviews of eligibility of claimants to council tax single person discount.

Follow Up Reviews

4.3 Internal Audit reports are regularly presented to elected members detailing not only findings but also the responses by management to the recommendations with agreed dates of implementation. Internal Audit will also undertake follow up reviews to evidence the effective implementation of these recommendations. Please see detailed the following completed follow up reviews:

Health & Social Care Moray - Self-Directed Support (SDS)

4.4 This audit reviewed the arrangements for monitoring service users who receive an SDS direct payment to purchase their own support. The audit involved the random selection of a sample of care packages and a check made to ensure compliance with operating procedures, expenditure incurred by the service user is in accordance with the agreed budget/ support plans and surplus funds are recovered from service users where appropriate. It was noted that a total of 150 adult service users receive an SDS direct payment to purchase their own support at a cost of approximately £3 million annually. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 1**. Unfortunately, it was found that the majority of the recommendations had not been implemented. The Service detailed particular issues regarding staff shortages and revised dates of implementation have been agreed.

Health & Social Care Moray - Client Monies

4.5 This audit concerned a review of the processes undertaken by the Community Care Finance Team in how they administer the corporate bank account. It involved selecting a sample of individuals, and a check made on how the Health and Social Care Officer appointed as the named "Corporate Appointee" manages and supports the individuals to access their funds appropriately. The Adults with Incapacity (Scotland) Act 2000 enables a Health and Social Care Officer to be appointed by the DWP to have "Corporate Appointeeship" responsibility for managing the benefits received by an individual. At the time of the audit, it was found that 59 individuals are being managed within the "Corporate Appointeeship" Scheme with a combined value of £483,000 held within the Council's corporate bank account. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 2**. The Service detailed that it has not been possible to implement a number of the recommendations within the previously agreed timescales. There will therefore

be a need to undertake a further follow up review of this audit and thereafter report progress to a future Audit and Scrutiny Committee.

Procurement and Creditor Payments

- 4.6 An audit was undertaken to review payments made by the Authority to suppliers of goods and services. The purpose of the audit was to confirm that effective controls are operating to ensure all payments are appropriately authorised, accurate and paid in accordance with financial regulations and agreed terms and conditions. This audit review related to testing a sample of transactions generated under the direction of the Moray Integration Joint Board. Through the use of computer audit software, a sample of payments was randomly selected from this period with a value of £1.05 million. The testing undertaken was developed from the Chartered Institute of Public Finance and Accountancy's Audit Programme. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 3**. It is pleasing to report that all recommendations have now been implemented.

Social Media Accounts

- 4.7 A follow up review was undertaken of the audit undertaken regarding the Council's use of Social Media. Social media refers to websites and applications, e.g., Facebook and Twitter that are designed to allow people to share content quickly, efficiently, and in real time. Officers use social media as a form of communication across various services. It was found that the Corporate Communications Team is primarily responsible for posting Council information. However, individual services such as Health and Social Care, Schools, Sports and Community Centres, fostering and kinship manage their own social media accounts. The Follow Up Report confirming the implementation of the agreed recommendations is given in **Appendix 4**.

5. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Internal audit work supports good governance and the delivery of efficient services.

(b) Policy and Legal

No implications directly arising from this report.

(c) Financial Implications

No implications directly arising from this report.

(d) Risk Implications

The independent review of selected systems and procedures mitigates the risk associated with inadequate or ineffective control procedures.

(e) Staffing Implications

No implications directly arising from this report.

(f) Property

No implications directly arising from this report.

(g) Equalities/Socio Economic Impact

No implications directly arising from this report

(h) Climate Change and Biodiversity Impacts

No implications.

(i) Consultations

There have been no direct consultations during the preparation of this report.

6. CONCLUSION

6.1 This report provides committee with an update on internal audit work progressed in the latest review period.

Author of Report:	Dafydd Lewis	Audit and Risk Manager
Background Papers:	Internal Audit files	
Ref:	SPMAN-1042990102-149	