



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 15 FEBRUARY 2023

**SUBJECT: INTERNAL AUDIT SECTION – COMPLETED PROJECTS
REPORT**

BY: AUDIT AND RISK MANAGER

1. REASON FOR REPORT

- 1.1 The report advises Committee on the work of the Internal Audit Section for the period from 24 November 2022 to 15 February 2023.
- 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 **That Committee consider the contents of this report, seeks clarification on any points noted and otherwise notes the report.**

3. BACKGROUND

- 3.1 This report provides details of the Internal Audit work concluded during the period 24 November 2022 to 15 February 2023.

Core Financial Systems- Housing Benefits - Rent Rebates and Rent Allowances

- 3.2 An annual input on the grounds of materiality alone is a review of the Housing Benefits Subsidy. The council pays approximately £13 million annually, the bulk of which is funded by the Department of Work and Pensions. Certification is required to confirm the accuracy of the amount claimed, and this requires detailed testing of a sample of claims. The external auditor undertakes the certification but primarily relies on Internal Audit to complete this work. The executive summary for this project is given in **Appendix 1**.

Core Financial Systems- Payroll System

- 3.3 A review has been undertaken of the payroll system. The payroll system is one of the core financial systems of the Council in administering approximately £80 million of annual expenditure. The audit reviewed the key controls in the management of the payroll service. This involved an assessment of the operational effectiveness of these controls. Audit testing included the random selection of a sample of salary payments and deductions to ensure the correct calculation of remuneration and statutory/ voluntary deductions are processed timeously and accurately. The Chartered Institute of Public Finance and Accountancy Control Matrices were used to develop an audit programme. Further to an incident regarding the unauthorised access to an officer's Employee Self-Service account, additional testing was also undertaken regarding access controls to the Employee Self Service System, where officers can amend their personal information, including bank details.
- 3.4 A payroll software application called iTrent is used to administer the payroll service. It was noted that approximately 5000 officer payslips are processed every month. The iTrent system has a dual function of meeting the requirements of two main service areas, i.e., payroll and human resources. The executive summary and recommendations for this project are given in **Appendix 2**.

Departmental Systems – Moray Growth Deal

- 3.5 This audit reviewed the processes established for the Moray Growth Deal's governance, administration, finance, risk, engagement, and performance management. The Moray Growth Deal is a transformational investment of over £100million in the next 10 years for eight strategic projects intended to maximise regional economic competitiveness and boost economic growth across the Moray area. The Moray Growth Deal brings together the Scottish and UK Governments, Moray Council, partners from across the public and third sector and businesses to work collaboratively in delivering the Deal's vision for the area. Moray Council is the accountable body for the Growth Deal and has the responsibility to hold to account partner organisations in the delivery of the overall programme. Each partner organisation will be separately responsible for allocating its own internal audit resources. The Deal is still at an early stage of implementation. The executive summary and recommendations for this project are given in **Appendix 3**.

Departmental Systems – General Data Protection Regulation

- 3.6 A review has been undertaken of Council systems to ensure compliance with the United Kingdom's General Data Protection Regulation (GDPR). The General Data Protection Regulation is a 2016 European Union Regulation that was incorporated into the United Kingdom Data Protection Act 2018. The audit reviewed systems and controls to ensure the Council is fulfilling the requirements of GDPR. The review sought to confirm the required policies, procedures and guidance are in place; there is awareness throughout the Council with comprehensive training programmes and effective oversight and governance arrangements to monitor ongoing compliance with GDPR. The executive summary and recommendations for this project are given in **Appendix 4**.

Departmental Systems – Information Management

- 3.7 An audit has been undertaken to review that an appropriate system exists in the management, security and transfer of data between the Council and care providers, including NHS Grampian. In recent years, discussions have been held with the internal audit providers of NHS Grampian, Aberdeen City and Aberdeenshire Councils, where it was agreed to better coordinate the audit process with the intention of providing a more comprehensive opinion on the control environment of systems within Health and Social Care. As a result, all of the internal audit service providers agreed to undertake an audit of Information Management as the first step in this process.
- 3.8 Unfortunately, after the agreed start for the review, I was informed by the NHS Internal Audit Provider they could no longer undertake the audit as a review by the Information Commissioner has taken precedence. As the audit within the Council was already well progressed, the audit was completed in accordance with the Audit Plan. The executive summary and recommendations for this project are given in **Appendix 5**.

4. SUMMARY OF IMPLICATIONS

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

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

(b) Policy and Legal

No implications.

(c) Financial Implications

No implications directly arising from this report.

(d) Risk Implications

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

(e) Staffing Implications

No implications.

(f) Property

No implications.

(g) Equalities/ Socio Economic Impacts

No implications.

(h) Climate Change and Biodiversity Impacts

No implications.

(i) Consultations

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

5. CONCLUSION

5.1 This report provides Committee with a summary of findings arising from an audit project completed during the review period.

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Background Papers: Internal audit files
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