



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 10 MAY 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 16 February 2023 to 10 May 2023.
- 1.2 This report is submitted to Committee in terms of Section III (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 following internal audit work concluded during the period 16 February 2023 to 10 May 2023:

Domestic Refuse Disposal

- 3.2 An audit review of the arrangements for collecting refuse materials from domestic properties was undertaken. Moray Council collects refuse at approximately 46,000 domestic properties at the cost of £3.1 million annually. Systems were reviewed to ensure the most effective and efficient use is made of resources in collecting domestic waste. The audit also checked the procedures for disposing of recyclable waste. The executive summary detailing the findings and recommendations for this project are given in **Appendix 1**.

Building Services - Planned Maintenance Projects

- 3.3 An audit of systems and procedures in managing Planned Maintenance Projects within Building Services was undertaken. The total budget for 2022/23 amounted to approximately £5 million and included the works undertaken for the replacement of bathrooms, kitchens, central heating systems and disability adaptations.
- 3.4 The audit scope involved an overview of how the annual planned maintenance programme is determined and the contract management arrangements of projects undertaken by Building Services. The audit selected a random selection of projects to verify costs to supporting documentation and compliance with contract conditions and regulations. In addition, due to a special investigation previously reported concerning overtime claimed by officers, further testing was also undertaken into the management of overtime payments. The executive summary detailing the findings and recommendations for this project are given in **Appendix 2**.

European Social Fund

- 3.5 An audit was undertaken of the monies received from European Social Funding. The European Social Fund is administered by the Scottish Government with the objective of improving employment, education and supporting the most vulnerable people at risk of poverty. The Council secured approximately £1.1 million over 4 years in Phase 2 European Social Funding to deliver a Poverty & Social Inclusion programme that provides free confidential help and advice to people with money, debt or benefit problems. The audit reviewed the governance and administrative arrangements established to support the delivery of the Poverty & Social Inclusion programme and complies with the conditions of the funding agreement. Overall effective management arrangements were found. The executive summary for this project is given in **Appendix 3**.

Aberlour Early Years Learning & Childcare Scheme

- 3.6 An audit has been undertaken into the contract management arrangements for refurbishing Aberlour's early years and childcare nurseries. In Aberlour, the early years and childcare service is delivered by private and council nurseries operating from the same premises. The review was requested after concerns were raised by elected members regarding the management of this scheme. The agreed scope for the audit was to review the reporting arrangements and compliance with Financial Regulations, Procurement Guidelines and the Conditions of the Contract for the refurbishment of the Aberlour early years learning and childcare premises. As this review was undertaken due to specific concerns raised, it is considered that the full report detailing all the findings from the audit undertaken should be provided. The audit report is given in **Appendix 4**.

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.

At its meeting on 27 April 2023, the Corporate Management Team (CMT) considered the Internal Audit report on the Aberlour Early Years' Learning and Childcare along with the wider End of Project Report which reported on the overall £55m Early Years Expansion Programme in Moray, of which the Aberlour project was the final part.

CMT noted the comprehensive end of project report (see background documents as listed) and the overall success of the programme to expand funded early learning and childcare hours from 600 to 1140 for vulnerable 2s and 3-4 year olds by August 2021. CMT acknowledged that the expansion project was completed during the period of the pandemic which created a more challenging operating environment for the delivery of the new statutory requirement. As part of this, the Aberlour expansion to 1140 hours was due to be delivered in August 2021, which was the focus for the project team at that time. There are a number of learning points within the report and CMT were pleased to note that these are being taken forward to inform future work.

CMT also considered the Internal Audit report and sought clarification from the Internal Auditor on various points regarding the contract management arrangements for the Aberlour project. CMT noted that there are a number of recommendations within the report and were supportive of the action identified to address these. In addition, CMT noted that since the original proposal for temporary units, a range of options had been assessed and considered in developing alternative approaches for the delivery of the decant for the project but that the project had not yet moved to the delivery phase as costings remain outstanding, which may require further consideration of options in a context of rising costs.

CMT would wish to ensure that the contractual arrangements are robust ahead of project construction commencing to reflect the points set out in the Audit report and will ensure this is taken forward by relevant officers.

CMT also agreed with the Audit recommendation for an urgent resolution to the future use of the temporary units and noted that this is currently part of wider considerations related to the ELC service due to be brought to the council before the summer recess and which will enable a decision on alternative use or sale at that point.

5 CONCLUSION

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

Author of Report: Dafydd Lewis, Audit and Risk Manager

Background Papers: Internal audit files

15-0019 Early Learning Childcare - End of Project Report

Appendix 1 - Delivery_Plan_Sep_2017

Appendix 2 – Grant Award Thank You from Torridon Education Group

Appendix 3 - Care Inspectorate Grading Data Compared August 2017 and June 2022

Appendix 4 - Worked Example Hourly Rate

Appendix 5 - RADIC Log

Appendix 6 - Moray Council ELC Internal Audit Report

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