



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 25 JUNE 2024

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 (1) (2) and (8) 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 through receipt of quarterly reports on work 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 2024/25 AUDIT PLAN

Audit Plan Update

- 4.1 The Internal Audit Plan is a means of determining the priorities of the internal audit activity and how these fit with the wider goals of the Council. Enclosed as **Appendix 1** is an update on the progress undertaken by the Internal Audit Section regarding the completion of audit review projects against the Annual Audit Plan.

CIPFA Publication – Audit Committees - Practical Guidance for Local Authorities and Police 2022 Edition

- 4.2 The CIPFA Publication – Audit Committees - Practical Guidance for Local Authorities and Police 2022 Edition provides guidance on the function and operation of audit committees and represents their view of best practices for audit committees in local authorities throughout the UK. A report was provided to Audit and Scrutiny Committee on 14 February 2024 (para 9 of minute refers), detailing the outcome from a self-assessment of compliance with the good practice guidelines from the CIPFA Guidance. An action identified was for the Audit and Risk Manager to meet in private with the Audit and Scrutiny Committee Members at least annually, where Members are required to seek assurance that the Audit Risk Manager is free to determine the scope of internal audit work without interference and to discuss any governance issues within the Council that may be of concern. In addition, the meeting can also provide the “opportunity to test out a question on the auditor, perhaps when the audit committee member is not sure if it is an appropriate question to ask”.
- 4.3 Further to a meeting held with Members on 4 June 2024, I am pleased to confirm there has not been any interference in the work undertaken or the reporting of the Internal Audit Section. However, a discussion was held regarding the Council’s governance arrangements that included the role of the Internal Audit Section. The scrutiny function of the Audit and Scrutiny Committee was also discussed, and whether this could be further expanded in the reporting to this Committee. This issue has already been highlighted for development by senior management. The meeting also provided an opportunity to update members on service developments within the Internal Audit Section regarding a revised internal audit reporting format.

Follow Up Reviews

- 4.4 Internal audit reports are regularly presented to Members detailing not only findings but also the responses by management to the recommendations with agreed dates of implementation. The Internal Audit Section will also undertake follow up reviews to evidence the effective implementation of these recommendations. Please see detailed the following completed follow up reviews:
- 4.5 **Domestic Refuse Collection**
A follow up review was undertaken of the audit undertaken into the arrangements for collecting refuse materials from domestic properties. 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 are made of resources in collecting domestic waste. The audit also checked the procedures for disposing of recyclable waste. It is pleasing to report that the majority of recommendations have been implemented. However, some recommendations remain outstanding as the Scottish Government has delayed the introduction of the national Deposit Return Scheme until October 2027. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 2**.

Disabled Parking Permit Scheme

- 4.6 A follow up review to evidence implementation of the recommendations contained within an audit report regarding the administrative arrangements of the Disabled Parking Permit Scheme has been completed. Disabled parking permits, also known as blue badges, help people with disabilities or health conditions park closer to their destination. Local authorities are responsible for the day-to-day administration and enforcement of the scheme. However, Transport Scotland has set the framework for the scheme. The audit reviewed the systems and procedures for administering the Disabled Parking Permit Scheme. This has also included the processes for investigating blue badge misuse. It is pleasing to report that all the recommendations detailed within the audit report have been implemented. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 3**.

Debtors

- 4.7 A follow-up review has been undertaken to evidence the implementation of the recommendations for an audit review of the Debtors System. Invoices are raised for various types of services, e.g., financial contribution for care, trade waste, special uplifts, hire of facilities and rechargeable repairs. The audit scope involved testing to ensure invoices can be evidenced with enough backing documentation to be able to support debt recovery should the need arise; confirming payments had been auto-matched to debtor accounts; receipts without a valid reference have been posted to and cleared from a suspense account on a regular basis; effective monitoring of unpaid invoices are monitored and chased in accordance with debt recovery procedures; collection performance is monitored and reported. It is pleasing to report that most recommendations have been implemented, but further development is still required regarding the performance management of debt recovery arrangements. The Follow Up Report to review 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	
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