



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 13 SEPTEMBER 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 2023/24 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 Service 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 – Practical Guidance for Local Authorities and Police 2022 Edition sets out its guidance on the function and operation of audit committees in local authorities and police bodies and represents CIPFA’s view of best practice for audit committees in local authorities throughout the UK.
- 4.3 Audit Committees are a key component of an authority’s governance framework and provide an independent and high-level resource to support governance and strong public financial management. The guidance states the purpose of an audit committee is, “to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee’s role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.”
- 4.4 CIPFA promotes that a good standard of performance against recommended practice together with a knowledgeable and experienced membership are essential requirements for delivering effectiveness. To this effect, CIPFA has provided a high-level review checklist that incorporates the key principles set out in CIPFA’s Position Statement: Audit Committees in Local Authorities and Police (2022 edition). In addition, the Public Sector Internal Audit Standards also call for the committee to assess their remit and effectiveness in relation to purpose, authority and responsibility. The Audit and Risk Manager is planning to facilitate a workshop with elected members to complete a Self-Assessment of Compliance with the Good Practice Principles Checklist and an Evaluation of Effectiveness from the CIPFA Audit Committees Guidance. A copy of the full CIPFA Publication – Practical Guidance for Local Authorities and Police 2022 will be shared with members of the Committee in advance of the meeting. The outcome of the self-assessment and evaluation exercises, together with an action plan detailing any identified improvements, will thereafter be reported to a future Audit and Scrutiny Committee.

Follow Up Reviews

- 4.5 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:

Business Continuity

- 4.6 An audit review was undertaken of the Council's management arrangements for Business Continuity. Business Continuity Management concerns how the Council identifies and prepares for potential incidents and how the risk is managed to ensure it can continue delivering essential services in an emergency or during a disruption of normal day-to-day activities. The follow up review found that several recommendations had not been fully implemented. However, with the appointment last year of a part time Business Continuity and Risk

Management Officer, this has facilitated progress to further develop business continuity arrangements within services. Revised implementation dates for the recommendations have been agreed. The follow up report to review the implementation of the agreed recommendations is given in **Appendix 2**.

Primary School Estate Security

- 4.7 This audit reviewed the controls to restrict unauthorised access to primary school buildings and grounds. It was found that the age, type of school buildings and locations of play areas do vary considerably across the Authority. This does present challenges in ensuring the implementation of consistent security arrangements. The audit reviewed policies, procedures and an appraisal of the security controls operating within a sample of primary schools. The audit found examples of good practices and improvements that have been made to the physical security of the primary school estates. However, the follow up review found that not all recommendations have been implemented. The follow up report to review the implementation of the agreed recommendations is given in **Appendix 3**.

Council Tax

- 4.8 An audit was undertaken of the Council Tax System. The Council Tax Service administers and collects council tax for residential properties in Moray. The Service also administers and collects domestic water and sewerage charges on behalf of Scottish Water. The Council maintains a database of residential properties and updates it for changes of owners and residents, and also processes applications for exemptions and discounts. The audit noted some improvements required in administrative 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

Ref:

SPMAN-1042990102-175