

AUDIT REPORT 24'008**REFUGEE INTEGRATION SCHEME****Executive Summary**

The Annual Audit Plan for 2023/24 provides for a review to be undertaken of systems and procedures to account for grants received and costs relating to Refugee Integration. Asylum is a matter reserved to the UK Government, however local authorities are required to deliver access to essential services like housing, healthcare and education that enable the integration of refugees and asylum seekers in the community. This is undertaken through various humanitarian protection schemes.

The scope of this audit was to review the financial and administrative processes involved in delivering the Ukrainian Refugee Scheme. The emerging Asylum Dispersal, Afghan Citizens Resettlement Scheme and Afghan Relocation & Assistance Policy Scheme did not form part of the audit testing due to limited activity at the time of the review. The Council has supported approximately 140 Ukrainian displaced persons, with allocated funding from the Central Government in 2022/23 of over £1.9 million spread across the Warm Scottish Welcome Fund, Tariff per Displaced Person funding, Host Thank You Payment Funding and Educational Tariff Funding. All these funds have specific requirements and the audit has reviewed the accounting arrangements for administering these schemes and the claiming of expenditure.

The Asylum, Refugee and Resettlement Section within Health & Social Care Moray is operationally responsible for service delivery. However, a cross-service delivery function including Education, Housing and Environmental Health Services is required to ensure an effective integration of refugees and asylum seekers in the community. It is understood that alternative management arrangements for the Asylum, Refugee and Resettlement Section are currently being considered within the Council and Health and Social Care Moray.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

The main areas identified for management attention are as follows:-

- Further improvements are required in budgetary management arrangements. It is appreciated that the delivery of Refugee Schemes requires services to be provided by various sections of the Council and Health and Social Care Moray. However, the Asylum, Refugee and Resettlement Section do not regularly monitor the full costs of delivering these services compared to the available funding. Improved financial recording arrangements should be implemented to allow more accurate financial forecasting and aid the maximisation of the impact of available funding.

- Audit testing was undertaken of the administration of the imprest account. It was found that while an audit trail of cash usage was maintained providing evidence of the distributions to Ukrainian Displaced Persons, the limit of cash authorised to be held by the service was exceeded on multiple occasions. In addition, significant expenditure items were noted to have been paid from the imprest account, which should have been met by alternative procurement methods in accordance with Financial Regulations and Petty Cash Procedures. Usage of the imprest should be monitored to ensure compliance with Council regulations and procedures.

The Internal Audit Section provides Management with an opinion on the internal control environment and also categories risk ratings for recommendations as high, medium or low. The audit recommendations for this review have been classified as follows:

Risk Ratings for Recommendations		
High	Medium	Low
Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Less critically important controls absent, not being operated as designed or could be improved.	Lower level controls absent, not being operated as designed or could be improved.
2	2	4

Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Grant funding is effectively managed, monitored and applied for the intended purpose						
5.01	A consolidation exercise should be undertaken to identify all expenditure and designate as costs being met from the available funding. A standard financial monitoring process should thereafter be put in place to ensure funding and its usage is reported and effectively monitored by the service on a monthly basis.	High	Yes	Meeting with Finance on 17 August 2023 arranged to consolidate current spend position across departments. Thereafter forecasting can be agreed to aid a standard financial monitoring statement.	Interim Strategy & Planning Lead	01/12/2023
5.02	Ongoing financial forecasting should be undertaken to allow more informed management decisions to be taken and ensure the full potential of the available funding is utilised.	High	Yes	Through the business case being developed for the service, a financial forecast will	Interim Strategy & Planning Lead	01/12/2023

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				identify funding potential. Monthly forecasting will be undertaken going forward.		
5.03	Improved consolidation of documentation regarding funding awards and related submissions requires to be undertaken to ensure the service holds the full complement of final version documents for clarity and completeness.	Low	Yes	A review of all funding award documentation will be undertaken, cross-referencing with the Scottish Government Policy Team.	Interim Strategy & Planning Lead	01/11/2023
5.04	In establishing the new Asylum, Refugee and Resettlement Section, the temporary employment contracts currently in place for team members should be reviewed and aligned consistently to funding terms.	Low	Yes	A full business case will be developed to address the team structure and long-term sustainability of the team.	Interim Strategy & Planning Lead	31/03/2024

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.05	Petty cash reimbursement claims submitted must be based on actual expenditure incurred and always reconcile to the authorised petty cash imprest for the section.	Medium	Yes	Reconciliation to the imprest amount to be actioned.	Project Manager (Resettlement & Refugees)	30/09/2023
5.06	Expenditure incurred through the petty cash fund, other than the cash Welcome Payments, should comply with Council procedure of no single item exceeding £10. Alternative standard procurement routes should be used for any higher value purchases. Receipts for all expenditure incurred should be submitted with petty cash reimbursement claims to account for purchases and ensure input VAT is recovered where applicable.	Medium	Yes	Purchase card now issued and procedures in place for gaining authorisation to spend. Training needs identified for all team members and to be recorded and annually reviewed.	Interim Strategy & Planning Lead	01/12/2023

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.07	To improve the audit trail, the master record of hosts and guests should be amended to ensure the date of arrival which is relevant to the initial host payment calculation is clearly recorded. Additionally, all payment calculations which relate to less than a full month of hosting should be checked to confirm accuracy prior to payment processing.	Low	Yes	This has been addressed within the master spreadsheet. Process is now in place for partial payment calculations to be double-checked prior to host payments being made.	Interim Strategy & Planning Lead	Implemented
5.08	Welcome Hub costs sought for reimbursement by central government should be calculated based on actual expenditure incurred and require to be appropriately	Low	Yes	Meeting to be held with Finance to close off welcome hub payments	Project Manager (Resettlement & Refugees)	31/10/2023

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	evidenced.			appropriately as Welcome Hub no longer exists.		