



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 14 FEBRUARY 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 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 Section regarding the completion of audit review projects against the Annual Audit Plan. As was reported to Audit and Scrutiny Committee on 22 November 2023 (para 5 of minute refers), the Internal Audit Section has been operating with a vacancy in the post of Corporate Investigations Officer. Officers within the section have been covering the duties of this post. Unfortunately, this has

impacted the available staff resources to complete this year's Audit Plan. There will therefore, be a requirement to carry forward the reviews of Building Services Reactive Maintenance and the Information Technology Disaster Recovery Management arrangements to a future Audit Plan.

Follow Up Reviews

- 4.2 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:

Cyber Security

- 4.3 This follow up review checked the implementation of recommendations detailed from an audit undertaken into the Council's control arrangements regarding cyber security. Cyber security concerns the protection of computers, servers, mobile devices, electronic systems, networks, and data from malicious attacks. Cyber security controls are designed to combat threats against networked systems and applications, whether those threats originate from inside or outside an organisation. The Scottish Government in 2020 issued a Cyber Resilience Framework to all Local Authorities. The Framework includes a self-assessment tool to assist Local Authorities in improving their cyber resilience and compliance with a range of legislative, regulatory, policy and audit requirements. The audit programme was developed from this Cyber Resilience Framework and other good practice guidelines. The impact of a successful cyber attack would immediately affect how the Council would be able to continue providing day to day services.
- 4.4 The follow up review found that significant work has been undertaken by the Information, Communication and Technology (ICT) Service to ensure effective cyber security controls. However, some audit report recommendations remain outstanding or need to be fully implemented. The significant workload demands within the ICT Service are appreciated. It is important to highlight that maintaining an effective cyber security control environment is the responsibility of not only the ICT Service but also every Officer and Elected Member of the Council. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 2**.

Social Care & CareFirst System Information Governance

- 4.5 An audit was undertaken into how information relating to social care service users is recorded, accessed and kept up to date. The Council uses a system known as CareFirst to record and manage social care cases for both adult and children's services. CareFirst is a long standing widely used application within the public sector for recording social care data. Due to the limitations of CareFirst, information regarding social care users is retained on a Council server or in paper files. The audit also checked the management arrangements for reviewing case files and access controls of who can view, add, amend or delete information, recognising that restricted access has to be balanced with a need for prompt availability of information for Officers who require it to deliver services effectively. The follow up review found that a number of recommendations remain outstanding. Workload and staffing issues are appreciated in delaying the implementation of the recommendations. However, as the Audit and Risk Manager, I am concerned about whether the CareFirst System remains fit for

purpose as the primary recording database for the management of social care service users. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 3**.

Buckie High School

- 4.6 A follow up review to evidence implementation of the recommendations contained within an audit report regarding the administrative arrangements within Buckie High School has been completed. The audit reviewed the Devolved School Management Scheme in terms of the allocation of funding and the management of these funds at school level. In addition to undertaking an overview of how the School develops, monitors and controls its £4.8 million budget, the audit checked the management of the staffing costs involved in delivering the curriculum. A review was also undertaken to ensure appropriate accounting arrangements are followed in managing school fund monies. It is pleasing to report that all recommendations have been implemented. The Follow Up Report is given in **Appendix 4**.

Building Services Stores

- 4.7 This follow up review checked the implementation of recommendations within the Building Services Stores audit report. The scope of the audit reviewed the systems and controls in managing materials and equipment (stock) stored to meet the repairs and maintenance requirements of Council housing. It was noted that individual stock items varied in value from a few pounds to upwards of £1,000. Materials and equipment with a cumulative value of approximately £700,000 are issued annually from Stores. Good progress has been made in the implementation of the recommendations; however, some actions remain outstanding. The Follow Up Report to review the implementation of the agreed recommendations is given in **Appendix 5**.

Early Learning and Childcare

- 4.8 An audit was undertaken to review the systems and controls in the financial management of the Early Learning and Childcare Service (ELC). The Education, Children's and Leisure Services Committee of 26 January 2022 (para 17 of the minute refers) requested that Internal Audit provide greater clarity on the final financial position of the Early Learning and Childcare Service for 2022/23. Discussions with Senior Officers requested that the scope be expanded to include a review of the 2021/22 financial year to determine the reasons for the reported variance between budgeted and actual expenditure. A follow up audit has been undertaken to evidence implementation of the recommendations detailed within the review reported to the Audit and Scrutiny Committee on 30 March 2022 (para 5 of the minute refers). It is pleasing to confirm that the majority of recommendations have been implemented. A recommendation concerning a service review of Additional Support Needs remains ongoing, but changes to budgetary responsibilities have been implemented. The Follow Up Report is given in **Appendix 6**.

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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