



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 8 MAY 2024

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 14 February 2024 to 8 May 2024.
- 1.2 This report is submitted to Committee in terms of Section III (I) (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 **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 14 February 2024 to 8 May 2024:

Pool Cars Scheme

- 3.2 A review of the Pool Cars Scheme has been undertaken. A pool car is a vehicle owned by the Council and made available for employees on a shared basis. At the time of the audit, the Council's fleet of pool cars consisted of 118 vehicles, with 84 classified as general and 34 designated as service dedicated vehicles. The audit scope checked systems and procedures in the management and use of pool cars. It is pleasing to note that policies and procedures have been developed detailing guidance and procedures for officers to follow in the booking and use of pool cars, although some are in need of review and possibly updating. Audit testing included checking that officers' actual usage of pool cars was in accordance with these policies and procedures. Enquiries were also undertaken to assess if the further expansion of the number of available pool cars could provide additional value for money opportunities to the Council. The executive summary and recommendations for this project are given in **Appendix 1**.

Creditor Payments - Regularity Review

- 3.3 Part of the annual audit plan is devoted to main financial systems, including creditor payments that cover non-payroll expenditure, i.e. payment for works, goods and services to suppliers or contractors. The purpose of the audit was to confirm ongoing compliance with procurement and payment processing regulations.
- 3.4 Testing was undertaken using a data analysis software application to extract a random sample of transactions for review. A check for duplicate payments was also carried out by extracting listings where more than one invoice from a single supplier had been paid for the same amount. Findings from the testing undertaken did note issues concerning the authorisation, processing and use of suppliers, but overall it is considered they do not indicate a systematic failure in operating arrangements. The executive summary for this project is given in **Appendix 2**.

Payroll - Regularity Review

- 3.5 A review of the payroll system has been undertaken. The payroll system is one of the core financial systems of the Council, administering approximately £178 million of annual expenditure. The audit reviewed the effectiveness of key controls in the management of the payroll service. This involved audit testing a random selection of salary payments and deductions to ensure the correct calculation of remuneration and statutory/voluntary deductions are processed timeously and accurately. The Chartered Institute of Public Finance and Accountancy Control Matrices were used to develop the audit programme.
- 3.6 The findings from the audit undertaken noted that within the scope of this review, effective arrangements are in place in the management of the Council's payroll system. However, improvements were identified, including the need to develop a policy for managers and officers detailing the procedures in the authorisation and use of Time Off In Lieu. The executive summary and recommendations for this project are given in **Appendix 3**.

Early Learning and Childcare Premises Security

- 3.7 The annual audit plan provided for a review of controls in place to mitigate the risk of unauthorised access to Early Learning and Childcare Nurseries. This audit complements the audit review undertaken last year regarding primary school security and the review of secondary school security included within the Audit Plan for 2024/25.
- 3.8 The scope of this audit involved a review of the controls to prevent children from leaving nursery buildings and play areas unnoticed. The audit involved a review of policies and procedures and visiting nurseries, where the actual security controls operating in practice were observed and tested. It was found that the age and type of premises vary considerably, which presents challenges to ensure the implementation of consistent physical security arrangements. The audit has confirmed that the nurseries visited did have effective supervision arrangements for the children. However, findings from the review highlighted a need for every nursery to undertake a risk assessment of its security risks and the mitigating controls that should be considered. The executive summary and recommendations for this project are given in **Appendix 4**.

Purchasing Cards

- 3.9 An audit has been undertaken to review the systems and procedures for the management, use and control of purchasing cards. Cards are available to officers on approval of their budget manager. They provide flexibility and a cost effective alternative to the Council's standard requisition ordering process. Purchasing cards are managed by a payment card software application administered by the Bank. At the time of the audit, purchase cards were issued to 424 officers. The audit selected a time period for testing from April to October 2023, with an expenditure of £1.7 million. Findings from the review undertaken found areas where improvements are required in administrative and monitoring arrangements, especially concerning the accounting arrangements for Value Added Tax (VAT) accounting arrangements. The executive summary and recommendations for this project are given in **Appendix 5**.

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.

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
Ref: SPMAN-1042990102-220