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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 30 MARCH 2022**

**SUBJECT: WORK OF THE INTERNAL AUDIT SECTION – UPDATE**

**BY: DEPUTY CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)**

**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 and note the contents of this 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 2021/22 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 of the progress undertaken by the Internal Audit Service with regard to the completion of audit review projects against the Annual Audit Plan.
- 4.2 It is pleasing to report that the majority of the projects detailed within the 2021/22 Audit Plan have; either been completed or the reviews have been undertaken and the reports issued to the Services for responding to the

recommendations. The Internal Audit Section has been through a period of change with a recruitment process undertaken for the Audit and Risk Manager, Senior Auditor and an Auditor. All positions have now been filled, and it is hoped the Internal Audit Service will have a period of stability in moving forward.

- 4.3 An additional review to the Audit Plan has also been undertaken. An audit of systems and controls into the financial management of the Early Learning and Childcare Service (ELC) has been undertaken. This audit was requested by the Education, Children's and Leisure Services Committee of the 26th of January 2022 to provide greater clarity on the current and future financial position of the Early Learning and Childcare Service.

#### **Core Financial Systems-Cyber Security**

- 4.4 Cyber security is the practice of protecting critical systems and sensitive information from digital attacks. Cyber security measures are designed to combat threats against networked systems and applications, whether those threats originate from inside or outside of an organisation. The impact of a successful cyber attack would immediately impact how the Council would be able to continue providing day to day services.
- 4.5 A review of cyber security arrangements has been started with work underway to develop an audit programme developed from the Scottish Government Cyber Resilience Framework and other good practice guidelines. It was hoped this audit review would have been completed as part of the 2021/22 Audit Plan, however the review has been carried forward into the 2022/23 Audit Plan.

#### **Health & Social Care Moray- Client Monies**

- 4.6 An audit review has been undertaken into the management and accounting systems of social care clients monies held under corporate appointeeship arrangements. Individuals assessed as requiring assistance in the financial management of welfare benefits received, the Department for Work and Pensions (DWP) can appoint a Social Work Officer to become the 'Corporate Appointee' and have legal authority for fund administration. The scope of the audit was to ensure funds were appropriately handled, stored, recorded and administered on behalf of clients, in line with agreed policy and procedures. The review has now been completed and is awaiting a response from the Service to the recommendations. It is hoped the Executive Summary and audit action plan showing recommendations will be reported to the next Audit and Scrutiny Committee.

### **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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