



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 15 DECEMBER 2021

SUBJECT: WORK OF THE INTERNAL AUDIT SECTION – UPDATE

BY: DEPUTE 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 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. However, challenges associated with the pandemic still remain, resulting in changes within current working practices that make the audit process more difficult and time-consuming. Officers are still working from home, which brings some limitations to the audit process.

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. This is the first time presenting the information in this manner, and it will continue to be developed. The appendix records the individual projects with an additional status column detailing whether the audit review is in progress, awaiting a response to recommendations, completed or

not started. In the future, it is also planned that details will be provided of any additions resulting from unplanned audits or investigations.

- 4.2 Progress against the 2021/22 audit plan has not moved forward as quickly as intended. The service has been through a period of change with a recruitment process undertaken for both the Audit and Risk Manager and an Auditor. The positions of the Audit and Risk Manager and the Auditor have now been filled. However, this has resulted in a vacancy for a Senior Auditor. A recruitment process has started, and it is hoped that the position will be filled shortly.

Departmental Systems – Self Directed Support (SDS)

- 4.3 An audit has been undertaken into the financial monitoring arrangements within the SDS Team for direct payments made to service users. This is a particularly relevant review as the recent Review of Adult Social Care (Feeley Report) commissioned by the Scottish Government detailed several proposed changes to the delivery of Social Care. The audit has checked for effective arrangements in the monitoring of funds issued to service users. A check was also made to ensure that monies awarded and expenditures incurred by service users correspond to their support plan. The review has now been completed, and it is hoped the executive summary and audit action plan showing recommendations will be reported to the next Audit and Scrutiny Committee.

Core Financial Systems – Council Tax

- 4.4 An audit review of the Council Tax System is being undertaken as part of the 2021/22 Internal Audit Plan. The scope of the audit has been to review arrangements for billing, collections and refunds. The Council Tax Service administers and collects Council Tax for residential properties in Moray. The Service also administers and collects charges for domestic water and sewerage 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 review is near completion, and it is hoped the Executive Summary and audit action plan showing recommendations will be reported to the next Audit and Scrutiny Committee.

Departmental Systems – Roads Maintenance (Planned)

- 4.5 An audit review of Roads Maintenance Planned Work has started. This was a planned audit project agreed in the Audit Plan for 2021/22. The audit has selected projects from the capital budget to ensure a sufficient sample population was available for the review. The audit has examined specific schemes to ensure working practices comply with agreed financial and procurements procedures. In addition, the audit has also examined the arrangements undertaken for the monitoring of actual expenditure to approved budgets. The review is near completion, and it is hoped the executive summary and audit action plan showing the recommendations will be reported to the next Audit and Scrutiny Committee.

5. AUDIT PLAN 2022/23

- 5.1 The internal audit plan is a means of determining the priorities of the internal audit activity and how these fit with the broader goals of the Council. Internal audit's approach to annual audit planning is risk-based with all areas which may be subject to audit review contained within an 'audit universe.' The audit universe is reviewed and updated on an ongoing basis to include all significant

activities and systems that contribute to achieving the Council's priorities and objectives.

- 5.2 Consultation with officers has started as part of the process for preparing the Audit Plan for 2022/23. An agreement will also be sought for timescales by officers in responding to recommendations.

6. 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

A number of staffing issues within Internal Audit are being addressed as outlined in this report.

(f) Property

No implications directly arising from this report.

(g) Equalities/Socio Economic Impact

No implications directly arising from this report

(h) Consultations

There have been no direct consultations during the preparation of this report.

7. CONCLUSION

- 7.1 Internal audit continues to work under the limitations of the pandemic, and 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-
1042990102-83