



## **Audit and Scrutiny Committee**

Wednesday, 01 September 2021

**NOTICE IS HEREBY GIVEN** that a Meeting of the **Audit and Scrutiny Committee** is to be held at **Various Locations via Video-Conference**, on **Wednesday, 01 September 2021** at **09:30**.

### **BUSINESS**

1. **Sederunt**
2. **Declaration of Group Decisions and Members Interests \***
3. **Minute of Meeting of 16 June 2021** **5 - 8**
4. **Written Questions \*\***
5. **Audit Scotland Management Report 2020-21** **9 - 18**  
Report by Depute Chief Executive (Economy, Environment and Finance)
6. **Audit Scotland Report - Fraud and Irregularity 2020-21** **19 - 24**  
Report by Depute Chief Executive (Education, Communities and Organisational Development)
7. **Work of the Internal Audit Section - Update** **25 - 28**  
Report by Depute Chief Executive (Education, Communities and Organisational Development)
8. **Work of the Internal Audit Section in the Period from 1 April 2021 to 30 June 2021** **29 - 50**  
Report by Depute Chief Executive (Education, Communities and Organisational Development)
9. **Question Time \*\*\***  
Consider any oral question on matters delegated to the Committee in terms of the Council's Scheme of Administration.

**Moray Council Committee meetings are currently being held virtually due to Covid-19. If you wish to watch the webcast of the meeting please go to:**  
**[http://www.moray.gov.uk/moray\\_standard/page\\_43661.html](http://www.moray.gov.uk/moray_standard/page_43661.html)**  
**to watch the meeting live.**

\* **Declaration of Group Decisions and Members Interests** - The Chair of the meeting shall seek declarations from any individual or political group at the beginning of a meeting whether any prior decision has been reached on how the individual or members of the group will vote on any item(s) of business on the Agenda, and if so on which item(s). A prior decision shall be one that the individual or the group deems to be mandatory on the individual or the group members such that the individual or the group members will be subject to sanctions should they not vote in accordance with the prior decision. Any such prior decisions will be recorded in the Minute of the meeting.

\*\* **Written Questions** - Any Member can put one written question about any relevant and competent business within the specified remits not already on the agenda, to the Chair provided it is received by the Proper Officer or Committee Services by 12 noon two working days prior to the day of the meeting. A copy of any written answer provided by the Chair will be tabled at the start of the relevant section of the meeting. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed.

No supplementary question can be put or answered more than 10 minutes after the Council has started on the relevant item of business, except with the consent of the Chair. If a Member does not have the opportunity to put a supplementary question because no time remains, then he or she can submit it in writing to the Proper Officer who will arrange for a written answer to be provided within 7 working days.

\*\*\* **Question Time** - At each ordinary meeting of the Committee ten minutes will be allowed for Members questions when any Member of the Committee can put a question to the Chair on any business within the remit of that Section of the Committee. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed.

No supplementary question can be put or answered more than ten minutes after the Committee has started on the relevant item of business, except with the consent of the Chair. If a Member does not have the opportunity to put a supplementary question because no time remains, then he/she can submit it in writing to the proper officer who will arrange for a written answer to be provided within seven working days.

# **THE MORAY COUNCIL**

## **Audit and Scrutiny Committee**

### **SEDERUNT**

Councillor Donald Gatt (Chair)  
Councillor Derek Ross (Depute Chair)

Councillor George Alexander (Member)  
Councillor Frank Brown (Member)  
Councillor John Cowe (Member)  
Councillor John Divers (Member)  
Councillor Tim Eagle (Member)  
Councillor Graham Leadbitter (Member)  
Councillor Marc Macrae (Member)  
Councillor Aaron McLean (Member)  
Councillor Maria McLean (Member)  
Councillor Shona Morrison (Member)  
Councillor Sonya Warren (Member)  
Councillor Walter Wilson (Member)

Clerk Name:	Lindsey Robinson
Clerk Telephone:	07966 120593
Clerk Email:	committee.services@moray.gov.uk

**Minute of Meeting of the Audit and Scrutiny Committee**

**Wednesday, 16 June 2021**

**remote locations via video conference,**

**PRESENT**

Councillor George Alexander, Councillor Frank Brown, Councillor John Cowe, Councillor John Divers, Councillor Tim Eagle, Councillor Donald Gatt, Councillor Graham Leadbitter, Councillor Marc Macrae, Councillor Aaron McLean, Councillor Maria McLean, Councillor Shona Morrison, Councillor Sonya Warren

**ATTENDED**

Councillor Louise Nicol

**APOLOGIES**

Councillor Derek Ross, Councillor Walter Wilson

**IN ATTENDANCE**

Also in attendance at the above meeting were the Chief Executive, Depute Chief Executive (Economy, Environment and Finance), Depute Chief Executive (Education, Communities and Organisational Development), Chief Officer, Health and Social Care, Head of Governance, Strategy and Performance, Internal Audit Manager, Strategy and Performance Manager and Tracey Sutherland, Committee Services Officer.

**1. Chair**

The meeting was chaired by Councillor Donald Gatt.

**2. Declaration of Group Decisions and Members Interests \***

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from Group Leaders or Spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Member's Interests in respect of any item on the agenda.

**3. Minute of Meeting of 24 February 2021**

The minute of the meeting of Audit and Scrutiny Committee on 24 February 2021 was submitted and approved.

**4. Written Questions \*\***

The Committee noted that no written questions had been submitted.

**5. Order of Business**

Under reference to Standing Order 28, due to connectivity issues experienced by the Internal Audit Manager, the Committee agreed to take Item 8a, Local Government Benchmarking Framework 2019-20 Results as the first item of business to allow the issues to be resolved.

## **6. Local Government Benchmarking Framework 2019-20 Results**

A report by the Depute Chief Executive (Education, Communities and Organisational Development) presented the benchmarking performance data for the period 2019-20.

The Head of Governance, Strategy and Performance explained that a whole cycle of performance reporting has taken place and the Service has tried to weave the Local Government Benchmarking Framework (LGBF) into the reports.

Following discussion during which Officers answered questions from the Committee in relation to rate of re-admission to hospital, school attendance and performance, the Committee agreed to note the Council's performance in terms of informing potential future agenda items.

## **7. Internal Audit - Annual Report 2020-21**

A report by the Depute Chief Executive (Education, Communities and Organisational Development) provided the Committee with a copy of the Internal Audit Annual Report for the year ended 31 March 2021, together with the Internal Audit Manager's opinion of the adequacy and effectiveness of the Council's system of internal control.

The Internal Audit Manager noted that as a consequence of the pandemic and remote working, it had been necessary to adapt how audit work had been conducted. This had created certain limitations, but these had been addressed by altering the work programme to ensure, so far as was practicable, that the required audit assurances could be given. On this basis, the Internal Audit Manager had concluded that the standard 'reasonable assurance' opinion could be given.

Councillor Brown sought clarification on whether there was any qualification on the assurances and was the Internal Audit Manager satisfied that his opinion would stand up to scrutiny.

In response the Internal Audit Manager advised that he had reached his opinion having regard to professional guidance provided by CIPFA and from the work he had completed and considered his opinion to be appropriate given all the circumstances presenting.

Following consideration, the Committee agreed to note the contents of the annual report (Appendix 1).

## **8. Work of the Internal Audit Section - Update**

A report by the Depute Chief Executive (Education, Communities and Organisational Development) provided the Committee with an update on the work of the Internal Audit Section.

Following consideration, during which Officers answered questions from the Committee in relation to matters including cyber security, poverty and attainment and potential misuse of blue badges, the Committee agreed to note the content of the report.

## **9. Internal Audit Plan - Year Ending 31 March 2022**

A report by the Depute Chief Executive (Education, Communities and Organisational Development) provided the Committee with details of the planned internal audit coverage for the year ending 31 March 2022.

The Chair advised the Committee, that one of the vacancies referred to in the report, which would impact on the Internal Audit section was the planned retirement of the Internal Audit Manager who is leaving after 39 years working in Local Government. The Committee joined the Chair in wishing Mr Scott all the best in his retirement and thanked him for all his advice, guidance and assistance in matters relating to the Council, Integration Joint Board and Grampian Valuation Joint Board.

Following consideration the Committee:

- i) agreed to note the proposed internal audit coverage for the 2021/22 financial year;
- ii) agreed to note the Internal Audit's ability to provide necessary audit assurances is likely to continue to be impacted by changed working practices as a consequence of the pandemic, and by forthcoming vacancies in Internal Audit's staffing establishment; and
- iii) was satisfied with the clarification provided on matters arising from the report and attached appendices.

## **10. Accounts Commission Report - Local Government in Scotland - Overview 2021**

A report by the Chief Executive, drew the Committees attention to the recent Accounts Commission publication providing an overview of Local Government in Scotland over the past financial year.

Following consideration, the Committee agreed to note:

- i) the key messages contained within the Accounts Commission report, which consider the issues arising from the pandemic thus far and how Council's have responded; and
- ii) the Commission's view aligns with that of the Council that it will take time to recover fully from the pandemic and that, while challenging, opportunities are there to review and assess how services are delivered in a manner that optimises outcomes for the citizens and communities of Moray.

## **11. Question Time \*\*\***

Councillor Brown sought clarification on the role of the Audit and Scrutiny Committee as he felt that over the last few years the role of the Committee has been mainly to audit and questioned whether the Committee will take on more of a scrutiny role.

In response the Chief Executive confirmed that a report to Moray Council on 30 June will, amongst other things, ask the Council to consider the future role of the Audit and Scrutiny Committee.





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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 1 SEPTEMBER 2021**

**SUBJECT: AUDIT SCOTLAND MANAGEMENT REPORT 2020/21**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

1.1 To provide the Committee with a copy of the external auditor's management report for 2020/21.

1.2 This report is submitted to Committee in terms of Section III (I) (8) of the Council's Scheme of Administration relating to consideration of reports produced by the Council's external auditor.

**2. RECOMMENDATION**

**2.1 It is recommended that the Committee considers and notes the management report for 2020/21 written by the Council's external auditor.**

**3. BACKGROUND**

3.1 The Council's external auditor, Audit Scotland, has written a management report which is attached as an **APPENDIX 1** to this report. The report contains a summary of the key issues identified during the interim audit work for the 2020/21 accounts, which is undertaken to gain assurance over the processes and systems used in the preparation of the annual accounts.

3.2 The audit findings, management response and auditor's additional work planned in respect of the four control weaknesses identified are detailed in the report. These control weaknesses have been identified in previous years.

3.3 The report also considers the wider dimension audit work carried out in the interim audit and sets out the findings and action plan. One issue, which is Risk Management, has been identified for consideration.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The work of the external auditor provides assurance on key elements of the Council's governance arrangements, which are central to delivery of Council and community priorities.

**(b) Policy and Legal**

The audit is conducted in terms of statutory powers afforded to the external auditor and in compliance with Audit Scotland's Code of Audit Practice.

**(c) Financial implications**

There are no financial implications arising directly from this report.

**(d) Risk Implications**

Additional audit work is planned to give assurance in areas of risk highlighted in the report.

**(e) Staffing Implications**

The report recommends additional resource for risk management, which may have staffing implications. This will be addressed as part of the Council's response to the management report.

**(f) Property**

There are no property implications arising from this report.

**(g) Equalities/Socio Economic Impact**

There are no implications for equalities or the socio-economic duty arising from this report.

**(h) Consultations**

The Corporate Management Team were consulted regarding the response to the recommendation in the management report.

#### **5. CONCLUSION**

**5.1 The management report is part of the external audit reporting for 2020/21 and is submitted to the Audit and Scrutiny Committee for its consideration.**

Author of Report: Lorraine Paisey. Chief Financial Officer

Background Papers:

Ref: SPMAN-1293228629-586 / SPMAN-1293228629-585

# Moray Council

## Management Report 2020/21



 **AUDIT SCOTLAND**

Prepared by Audit Scotland  
August 2021

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# Audit findings

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## Introduction

1. This report contains a summary of the key issues identified during the interim audit work carried out at Moray Council. This work included testing of key controls within financial systems to gain assurance over the processes and systems used in preparing the annual accounts. We will consider the results of this testing when determining our approach to the audit of the 2020/21 annual accounts.

2. Our responsibilities under the [Code of Audit Practice](#) require us to assess the system of internal control put in place by management. We seek to gain assurance that the audited body:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption
- complies with established policies, procedures, laws and regulations.

3. We also carried out work on the audit dimensions as required by the [Code of Audit Practice](#), which focussed on the council's risk management arrangements. The remainder of our wider dimension audit work is ongoing and will inform our Annual Audit Report which will be presented to Moray Council in November 2021.

4. Scotland's public services are under exceptional pressure due to the Covid-19 pandemic. Our approach to audit during these circumstances will be pragmatic, flexible and consistent. We have issued a paper, [COVID 19: What it means for public audit in Scotland](#), setting out the principles of Audit Scotland's approach to our financial and performance audit programmes. It also outlines our plans for assessing the impact of Covid-19 on public bodies and reviewing the Scottish public sector's response to the pandemic.

5. The contents of this report have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit is gratefully acknowledged.

6. All our outputs and any matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

## Conclusions

7. We identified four control weaknesses as detailed in [Exhibit 1](#). We will be carrying out additional work in response to these findings as part of our audit of the 2020/21 financial statements.

**8.** In terms of our wider dimension audit work, we concluded that the council needs to improve its risk management arrangements. Service risk registers need to be refreshed and the documentation of risk management processes needs to be reviewed and updated.

## Internal control systems

**9.** In accordance with *ISA 330: the auditor's response to assessed risk*, our risk-based audit approach allows us to take a three-year cyclical approach to controls testing. This approach enables us to place reliance on previous years' audit work once we have confirmed that the control environment and operation remain unchanged and no significant weaknesses had been identified.

**10.** Our 2020/21 work considered key controls in a number of areas including bank and feeder system reconciliations, payroll controls (including starters, leavers, validation, and exception reporting), authorisation of journals and IT access. We also considered controls for preventing and detecting fraud in areas such as welfare benefits and the award of discretionary discounts in relation to council tax and non-domestic rates.

**11.** In 2020/21 the council received and administered significant funding to support individuals and businesses impacted by the Covid-19 pandemic. We are also carrying out a review of the controls put in place by the council to administer the most significant Covid-19 grants and carrying out testing to confirm the existence and operation of these controls. We will report the outcome of this work in our Annual Audit Report.

## Audit findings

**12.** The key control weaknesses identified during the interim audit are detailed in [Exhibit 1](#). In previous years, management has accepted the risks associated with these system weaknesses and so we have not made recommendations to address these this year. These findings will inform our approach to the financial statements audit where relevant.

**13.** Any weaknesses identified represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to Moray Council.

## Additional follow-up work

**14.** Interim testing has identified systems weaknesses which require us to reconsider our audit procedures. We concluded that these weaknesses do not represent additional risks of material misstatement, but we have identified a need to undertake additional audit work during our financial statements audit. This additional work is set out in [Exhibit 1](#).

## Exhibit 1

### Key controls - findings and additional audit work

Issue identified	Management response	Additional audit work
<p><b>Authorisation of Journals</b></p> <p>There is no authorisation of journals posted to the ledger.</p> <p><b>There is a risk that incorrect or fraudulent changes could be processed within the ledger system.</b></p>	<p>Risk accepted by management.</p>	<p>We will test an increased sample of journals and use data analytics to identify and test a sample of high-risk journals.</p>
<p><b>Payroll validation</b></p> <p>A validation exercise to verify the existence of employees on the payroll system has not been undertaken since the introduction of the new payroll system on 1 April 2017.</p> <p>Establishment lists were sent out to managers in November 2018, but this highlighted that these lists were out of date. No validation exercise has been carried out since.</p> <p><b>Without regular confirmation of payroll details, there is an increased risk of fraudulent payments being made.</b></p>	<p>Risk accepted by management.</p>	<p>We will substantively test a sample of paid employees through confirmation of existence to other records/management confirmation.</p>
<p><b>Housing rents reconciliation</b></p> <p>A reconciliation between the ledger and the housing rents system is only performed at the year-end.</p> <p>The last three annual reconciliations have had</p>	<p>Risk accepted by management.</p>	<p>We will review the annual reconciliation between the ledger and the housing rents system to ensure that any material difference has been investigated and explained. We will also substantively test a sample of housing rents transactions to ensure</p>

Issue identified	Management response	Additional audit work
<p>unexplained differences which have subsequently been written-off.</p> <p>Finance and housing staff have attempted to identify the reasons for these differences but have been unable to do so due to the volume of transactions involved.</p> <p><b>The lack of regular reconciliations between the financial ledger and the housing rents system increases the risk that fraudulent transactions or errors will not be identified and corrected.</b></p>		<p>that they have been accurately processed through the housing rents system.</p>
<p><b>Changes to Chart of Accounts</b></p> <p>The council does not have a formal process in place for recording new/amended ledger code requests. Changes are made by the accountancy section following correspondence with the relevant department requesting the change, but audit trails of changes were not evident.</p> <p><b>There is an increased risk of misclassification of transaction if there is no audit trail evidencing the basis for account code changes.</b></p>	<p>Risk accepted by management.</p>	<p>We will review the mapping of balance sheet codes from the ledger to the accounts using data analytics to identify any significant changes and to confirm that the mapping for the balance sheet is consistent, accurate and complete. This will confirm the overall net income/ expenditure.</p>

Source: Audit Scotland

## Wider dimension audit work

### Governance and transparency

**15.** During our planning work we noted that the members had not reviewed the council's corporate risk register since February 2019. Review did not take place in 2020 due to limited staff resource and re-prioritisation of available resources due to the Covid-19 pandemic.

**16.** A revised corporate risk register was considered by the Education, Communities and Organisational Development Committee in May 2021. The risk register notes the council faces nine corporate risks:

- Political –delicate minority administration
- Financial –substantial risk around budget gap for future years
- Human Resources (People) –challenges of new ways of working, impact of planned staffing reductions and continuing recruitment challenges in certain areas
- Regulatory –due to potential non-compliance with statutory duties of setting a balanced budget and continuing to provide best value services
- Environmental - due to the challenge of meeting tougher climate change targets
- Reputational –the external focus on Best Value and the council's challenge to deliver on a number of performance targets as well as the continuing need to reduce, stop or increase charges for services
- Operational Continuity and Performance –due to challenges in re-gaining ground in service planning and performance and re-designing services following the pandemic
- Technological –the unprecedented challenges of moving the workforce into remote working and the increasing threats posed by cyber-attacks
- Economic Recovery – this new risk, recognises the impact of a prolonged economic downturn following the pandemic and EU withdrawal on the local economy, capital projects and council revenues.

**17.** Risk management processes within services are being refreshed although limited progress has been made by some services during the pandemic due to other workload pressures. The council acknowledges it needs a dedicated staff resource to support the central co-ordination of its risk management process and that more work is required to update and document risk management procedures as the pandemic eases.

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## Recommendation

The council should ensure that adequate resources are put in place to support its risk management processes.

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## Best Value follow up

**18.** Best Value is assessed over the five-year audit appointment, as part of the annual audit work. Moray Council's Best Value Assurance Report was published in August 2020. As part of our 2020/21 audit we are carrying out a review of progress made in implementing the recommendations included in the Best Value Assurance Report. The results of this work will be reported in the Annual Audit Report (financial sustainability) and a follow up report by the Controller of Audit to the Accounts Commission in February 2022.

## Wider dimension action plan

**19.** The wider dimension action plan is set out in [Exhibit 2](#).

### Exhibit 2

#### Wider dimensions - findings and action plan

Issue identified	Recommendation	Management response/Responsible Officer/Target date
<p><b>Risk management</b></p> <p>Some services have made limited progress with refreshing their risk management processes during the pandemic. The council acknowledges that it needs a dedicated resource to support the central co-ordination of its risk management processes. More work is required to update and document risk management procedures as the pandemic eases.</p> <p><b>There is a risk that the council is not identifying and addressing all of its risks.</b></p>	<p>The council should ensure that adequate resources are put in place to support its risk management processes.</p>	<p>CMT are considering a request for additional resource to support central co-ordination of risk management processes. Risk management activity is a normal part of the service planning process but was not always possible across all services during the pandemic.</p> <p><b>Responsible officer:</b></p> <p>Head of Governance, Strategy and Performance</p> <p><b>Target date:</b></p> <p>28 February 2022</p>

# Moray Council

## Management Report 2020/21

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[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)

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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 1 SEPTEMBER 2021**

**SUBJECT: AUDIT SCOTLAND REPORT- FRAUD AND IRREGULARITY  
2020/21**

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

**1. REASON FOR REPORT**

- 1.1 To inform the Committee of a recent Audit Scotland publication entitled 'Fraud and Irregularity - 2020/21'.
- 1.2 This report is submitted to Committee in terms of Section III (I) (8) of the Council's Scheme of Administration relating to consideration of reports prepared by the Accounts Commission/Audit Scotland.

**2. RECOMMENDATIONS**

**2.1 The Committee is asked to consider and note:**

- (i) the key messages contained within the Audit Scotland report, which considers fraud risks that have emerged across the public sector since the start of the pandemic; and**
- (ii) the Council's response in terms of being alert to the risks highlighted the report, and that the Information Assurance Group is reviewing actions already taken and any further actions required to ensure systems of control are adapted in response to new ways of working and remain 'fit for purpose'.**

**3. BACKGROUND**

- 3.1 In July 2021, Audit Scotland published a report entitled 'Fraud and Irregularity 2020/21'. The report sets out a range of fraud risks emerging since the start of the COVID -19 pandemic and also shares information about cases where internal control weaknesses in public bodies have led to fraud and irregularity.

3.2 The key messages from the report are:

- The public sector including local government has faced significant challenges due to the pandemic;
- A wide range of actions have been required to mitigate new risks emerging;
- A small number of weaknesses in controls leading to fraud have been noted by external auditors, albeit the combined monetary value of these, at £400,000, is low relative to the annual Scottish budget of £49 billion.
- Audit Scotland maintains a counter fraud 'hub' providing guidance on fraud risk and mitigations.

3.3 The report considers a number of themes, covering how Covid -19 additional funding support has been managed, the impact of the pandemic on governance arrangements, and ICT and cyber issues in relation to changed exposures e.g. from home working and scams such as phishing. Key controls within main financial systems are also considered as are the health and wellbeing of staff. The Council's response to each of these areas has been considered with examples of responses taken or planned provided as **Appendix 1.**

3.4 The process of adapting and maintaining internal controls is a management responsibility and changed ways of working determine the extent to which controls are revised and updated. This process is not static and controls are routinely reviewed and revised as required. Internal audit and external audit separately review selected controls in line with their agreed risk based audit plans. This provides independent assurances on the adequacy and effectiveness of controls in place.

3.5 A full copy of the report is available at: [https://www.audit-scotland.gov.uk/uploads/docs/report/2021/as\\_fraud\\_irregularity\\_2021.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2021/as_fraud_irregularity_2021.pdf)  
Given the breadth and nature of the findings, the Information Assurance Group is scheduled to review the report to assess the issues raised and the council's response in each case, with the intention to develop an action plan where it is considered that improvements are necessary to existing systems of control. A copy of the action plan will be provided to a future meeting of this committee.

**4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Fraud and irregularity has the potential to impact on the council's ability to deliver on its key strategic outcomes. As such it is recognised and accepted that systems of control are essential to mitigate against this risk.

**(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 report references the need for ongoing review and updating of controls where systems are subject to change and the council is alert to these risks.

**(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) Consultations**

There have been no consultations in respect of this report.

**5. CONCLUSION**

- 5.1 The Council has a good awareness of the issues identified by Audit Scotland and is reviewing its own practices against the themes highlighted in the report. An action plan of any further mitigating measures that are required will be presented to a future meeting of this Committee.**

Author of Report: Atholl Scott

Background Papers: Audit Scotland report

Ref: AS /asc/010921 / SPMAN-1042990102-74/SPMAN-1042990102-75



**Appendix 1**

**Audit Scotland Report – Fraud and Irregularity 2020/21**

**Key Fraud Risks Identified & Council Responses**

**1) Covid-19 funding and Re-opening of Premises and Services**

- Incident/ renewal and recovery management teams in place to address emerging issues;
- Internal audits of additional Covid-19 funding streams including Flexible Food Fund and Supplier Relief Payments;
- Controls developed covering applications for business grants from eligible businesses across multiple sectors;
- National Fraud Initiative work planned on business grants in line with Cabinet office timescales.

**2) Health and Wellbeing**

- Mental Health and Wellbeing staff survey completed. Outcomes are awaited at the time of drafting this report.

**3) IT and Cybercrime**

- Information Assurance Group with focus on data security and use;
- Information Security Officer within ICT;
- ICT Cyber Resilience protocols in place;
- Internal audit of aspects of Cyber Security planned.

**4) Governance**

- Governance arrangements kept under regular review by Council throughout pandemic;
- Annual Governance Statement published with Annual Accounts.

**5) Procurement**

- Support to services maintained with systems and processes adapted as required given the constraints of social distancing and staff homeworking.

## **Audit Scotland Report – Fraud and Irregularity 2020/21**

### **Key Fraud Risks Identified & Council Responses (continued)**

#### **6) Payments**

- Payments to suppliers and contractors maintained with revised authorisation processes established due to remote working;
- Internal audit coverage completed during 2020/21 to ensure suitable controls in place over this main financial system.

#### **7) Payroll and Recruitment**

- Control systems amended as required to ensure payroll could continue to function and make correct, timely payments to council employees;
- Internal audit coverage completed during 2020/21 to provide assurance that sampled controls were working as intended;
- System of obtaining disclosure checks for staff continued where appropriate.





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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 1 SEPTEMBER 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 and note the contents of the report.**

**3. BACKGROUND**

- 3.1 Public Sector Internal Audit Standards require the internal audit manager to prepare and present reports to committee on internal audit's activity, performance relative to its audit plan and on any other relevant matters.
- 3.2 This report provides an update on audit activity and projects progressed since the last meeting. Challenges associated with the pandemic still remain resulting in significant changes within current working practices that make the audit process challenging, and uncertainty still remains regarding these arrangements in the period ahead. All audit staff are still working from home, which brings some limitations to the audit process.

**Departmental Systems – Self Directed Support (SDS) MIJB**

- 3.3 An audit is currently ongoing regarding the financial monitoring arrangements within the SDS Team for direct payments made to service users. The audit will check for effective arrangements in the monitoring of funds issued to service users. A check will also be made to ensure that monies awarded and expenditure incurred by service users correspond to their support plan.

## **Departmental Systems - Social Media**

- 3.4 An audit has been undertaken of the Council's arrangements on the use of social media. Social media refers to websites and applications e.g. Facebook and Twitter that are designed to allow people to share content quickly, efficiently, and in real-time. The audit reviewed the Council's guidelines and procedures on the use of social media. Testing has also been undertaken to establish how officers are authorised to communicate information through social media and monitoring arrangements of postings. The audit report has been prepared and a response requested to the recommendations.

## **Self-Directed Support Framework of Standards- Joint working arrangements with Social Work Scotland**

- 3.5 It was noted that recently the Council has been successful in a joint working arrangement with Social Work Scotland to assist in the implementation of the new self directed support standards. The standards are intended to promote a greater flexibility and autonomy in meeting service users support needs. Implementation of these new standards may therefore require a review of current arrangements regarding authorisation, monitoring and reporting of expenditure in the near future.

## **Staffing**

- 3.6 Currently the Internal Audit Section has two staff vacancies including the post of the Internal Audit Manager. A recruitment process has started to ensure the staffing establishment for internal audit remains fit for purpose going forward. However, until this is completed and all posts filled, there is a risk the service may have insufficient capacity to meet the requirements placed upon it by the internal auditing standards.

## **4. 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.

**5. CONCLUSION**

**5.1 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	Senior Auditor
Background Papers:	Internal Audit files	
Ref:	DL/asc/010921	
	SPMAN-1042990102 -69	





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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 1 SEPTEMBER 2021**

**SUBJECT: THE WORK OF THE INTERNAL AUDIT SECTION IN THE PERIOD  
FROM 1 APRIL 2021 TO 30 JUNE 2021**

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

**1. REASON FOR REPORT**

- 1.1 The report advises Committee on the work of the Internal Audit Section for the period from 1 April 2021 to 30 June 2021.
- 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 **The Committee is asked to consider and note the contents of the report.**

**3. BACKGROUND**

- 3.1 This report provides details of the internal audit work concluded during the first quarter of 2021/22.

**Departmental Systems – Business Continuity**

- 3.2 An audit review was undertaken of the Council's management arrangements for Business Continuity. Business Continuity Management concerns how the Council identifies and prepares for potential incidents and how the risk is managed to ensure it can continue to deliver essential services in the event of an emergency, or during a disruption of normal day-to-day activities. The audit has found that further development is required regarding the Council's business continuity arrangements. There is a need for plans to be updated, policies and procedures to be reviewed. However, despite the points noted within this audit, essential services have continued to be maintained throughout the Covid19 pandemic demonstrating that continuity in services has been achieved in practice. An Executive Summary and audit action plan showing recommendations made and management responses are provided as **Appendix 1**.

## **Departmental Systems – Petty Cash**

- 3.3 A review was undertaken of the systems and procedures for the administration of petty cash funds. Petty cash is an amount of money held by establishments or services in cash to usually meet minor items of expenditure. Examples include postage, stationery, sundry items, etc. However, during the audit it was noted that petty cash funds are also used in some cases to meet more specific purposes e.g. test purchases within Trading Standards. The audit found examples where improvements are required in the administration of funds and the accuracy of central monitoring records. The Executive Summary and audit action plan for this project are given as **Appendix 2**.

## **Departmental Systems – Public Private Partnership & Design, Build, Finance, Maintain Contracts**

- 3.4 An audit was undertaken of the contractual arrangements for the operation and management of the school buildings at Elgin Academy, Keith Primary School and Elgin High School. This audit was carried forward from last year as the completion of the action plan was delayed due to staffing changes within the service. The construction of Elgin Academy and Keith Primary School was funded through a Public Private Partnership (PPP) scheme, whilst Elgin High School was delivered through a Design, Build, Finance and Maintain (DBFM) type of contract. These reflect the preferred contract delivery models for major capital works supported by the Scottish Government at the time the projects were taken forward. The audit review highlighted no major concerns with payments made in accordance with contract and sound processes in place to support the relationship the council has with the facilities providers. A number of recommendations have been made that should supplement current procedures. A copy of the Executive Summary and the audit action plan for this project are provided as **Appendix 3**.

## **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) 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 audit projects completed during the review period.**

Author of Report:	Dafydd Lewis, Senior Auditor
Background Papers:	Internal audit files
Ref:	DL/asc/10921
	SPMAN-1042990102-70
	SPMAN-1042990102-71
	SPMAN-1042990102-72
	SPMAN-1042990102-73





**Appendix 1**

**AUDIT REPORT 22'008**

**BUSINESS CONTINUITY**

**Executive Summary**

The annual audit plan for 2021/22 provides for an audit review to be undertaken of the Council's management arrangements for Business Continuity. Business Continuity Management concerns how the Council identifies and prepares for potential incidents and how the risk is managed to ensure it can continue to deliver essential services in the event of an emergency, or during a disruption of normal day-to-day activities. The Civil Contingencies Act 2004 provides the statutory framework for business continuity management and requires Councils to have in place effective business continuity plans for critical functions.

The scope of the audit was to review the Council's Business Continuity arrangements to confirm up to date policies, procedures and plans are regularly tested and reviewed, and that an appropriate level of awareness of Business Continuity is held throughout the organisation.

The audit has confirmed the Council has approved a Business Continuity Policy in 2006. However, implementation of the requirements detailed within the policy has not been universally implemented across all services. A check of the central Business Continuity Library noted examples where some business continuity plans are still recorded as draft, plans dated from a number of years ago etc. Limited evidence was also noted of any central support provided to services, or training available to officers to assist in the implementation of business continuity policies and procedures.

The audit has therefore found that further development is required regarding the Council's business continuity arrangements. There is a requirement for plans to be updated, policies and procedures to be reviewed etc. In addition, consideration should also be given to provide further assistance to officers through training, guidance etc., that should assist in easier implementation and compliance with the Business Continuity Policy.

However, despite the points noted within this audit, it should be noted that essential services have continued to be maintained throughout the Covid19 pandemic demonstrating that continuity in services has been achieved in practice.

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



## Recommendations

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	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
<b>Key Control:</b> The Council's Business Continuity Policy has been formally approved, is reviewed at regular intervals and is supported by procedures and guidelines for consistent application across the organisation.						
<b>5.1</b>	The Council's Business Continuity Policy should be reviewed and updated as required. Policies and procedures once implemented should be reviewed at regular, stated, intervals.	Medium	Yes		Head of Governance, Strategy & Performance	28/02/2022
<b>Key Control:</b> Business Continuity Plans are in place for all critical service areas and these plans are fully tested and regularly reviewed.						
<b>5.2</b>	Current and finalised Business Continuity Plans, should be held covering all critical services identified by the organisation.	Medium	Yes	Corporate co-ordination with ownership of Business Continuity Plans to rest	Head of Governance, Strategy & Performance	31/10/2022

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	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
				with managers of relevant service areas.		
<b>5.3</b>	All Business Continuity Plans should be reviewed and tested on at least an annual basis, with outcomes analysed and documented, to ensure plans are capable of supporting an effective recovery position.	Medium	Yes	Will be suggested to be carried out alongside annual risk register update.	Head of Governance, Strategy & Performance	28/02/2023
<b>Key Control:</b> Business Continuity is embedded into the culture of the organisation with all relevant officers appropriately trained and sound central governance arrangements in place.						
<b>5.4</b>	A training programme should be developed to assist officers in the preparation and implementation of the business continuity management process.	Medium	Yes		Head of Governance, Strategy & Performance	30/06/2022
<b>5.5</b>	The roles and responsibilities of the Business Continuity Officer as detailed within the Business Continuity Policy	Medium	Yes	Role of the Business Continuity Officer will	Head of Governance, Strategy & Performance	28/02/2022

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
	should be undertaken.			depend on the review of the Business Continuity Policy at 5.1 above.		



**Appendix 2****AUDIT REPORT 22'010****PETTY CASH****Executive Summary**

The 2021/22 audit plan included a review of the systems and procedures for the administration of petty cash funds. Petty cash is an amount of money held by establishments or services in cash to usually meet minor items of expenditure. Examples include postage, stationery, sundry items etc. However, during the audit it was noted that petty cash funds are also used in some cases to meet more specific purposes e.g. test purchases within Trading Standards

All Petty Cash funds are kept on what is known as an 'imprest' system. This means that at any point in time the sum of the value of receipts for outlays made, outstanding claims and cash in hand should equal the amount advanced - the imprest amount. There are currently 123 imprest funds operating within the Council, with values ranging from £5 to £1,000, for a total as at 31 March 2021 of £17,600. The purpose of this audit was to review the effectiveness of the controls and procedures followed in the administration of the Petty Cash System. This was undertaken through checking the accuracy of centrally held records, sample testing of individual funds to ensure all expenditure had been verified to supporting documents, and on site reconciliation of cash held. .

The audit noted the following points:-

- Review of individual petty cash funds noted examples where vouchers had not always been completed against each transaction. In addition payments were made and reimbursements received, but records had not been updated detailing these transactions.
- The audit noted that for one particular petty cash fund, officers were shredding all supporting vouchers and receipts after receiving a replenishment cheque. It is understood this was due to required changes in working practices because of the pandemic, and a misunderstanding with regard to the retention of documents.
- Examination of the central control database detailing all petty cash funds, noted examples where changes to the imprest amounts, responsible and in-absence officers had not been updated.

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

## Recommendations

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.	<b>Low</b>	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
<b>Key Control:</b> Effective controls exist in the administration and monitoring of petty cash funds						
<b>5.01</b>	All officers administering petty cash funds should be reminded to follow recommended operating guidelines for the administration of funds.	Medium	Yes	A reminder email will be issued to all Fund Holders to remind officers of the requirement to follow recommended guidelines.	Principal Accountant	31 December 2021
<b>5.02</b>	Vouchers and receipts should be retained to evidence all payments made from the Throughcare and Aftercare petty cash fund, irrespective of any claim for replenishment of funds.	Medium	Yes		Team Manager, ThroughCare and AfterCare	Implemented
<b>5.03</b>	A review should be undertaken	Medium	Yes	A review is	Principal	31 March 2022



Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
	of the central control database and updated with current operating details.			undertaken bi-annually by accountancy and this is currently underway	Accountant	



**Appendix 3****AUDIT REPORT 20'011****PPP & DBFM CONTRACTS****Executive Summary**

The annual audit plan for 2019/20 provided for a review to be undertaken of the contractual arrangements for the operation and management of the school buildings at Elgin Academy, Keith Primary School and Elgin High School.

The construction of Elgin Academy and Keith Primary School was funded through a Public Private Partnership (PPP) scheme, whilst Elgin High School was delivered through a Design, Build, Finance and Maintain (DBFM) type of contract. These reflect the preferred contract delivery models for major capital works supported by Scottish Government at the time the projects were taken forward. The contracts differ in regard to the scope of facilities management, Elgin Academy and Keith Primary School having a full facilities management service provided by an external contractor, whilst Elgin High School has an external contractor for the management of the fabric of the building, and employs council officers for janitorial and cleaning services.

The construction of Elgin Academy and Keith Primary School was completed in early 2012. The construction costs amounted to approximately £26.7 million and £8.4 million respectively, with the contract running for a 30 year period. Elgin High was completed more recently in 2018 at a cost of £28.8 million. The contract agreement for this school runs for 25 years.

For the duration of each contract, the council is required to pay a monthly unitary charge that covers repayment of the capital sum, financing costs, and the cost of providing the agreed facilities management for the buildings. The charge increases annually in line with each agreement and, in part, has regard to inflationary indices (RPI). In addition, payments are made for any additional works or services requested by the Council; these payments are based on agreed costs, and can incur a related lifecycle charge where there are potential future repair or maintenance needs within the remaining period of the contract. Deductions from the monthly unitary charge can also be made if an agreed contract specification standard has not been achieved (e.g. non-availability of classrooms or heating failures). While these additions / deductions are of low value relative to the monthly recharges, it is important they are administered correctly to maintain the integrity of the contract.

The audit review highlighted no major issues to report at this stage with payments made in accordance with contract and sound processes in place to support the relationship the council has with the facilities providers. A number of recommendations have been made that should supplement current procedures and ensure good practice in contract administration continues, relative to the findings outlined below:

- Where additional works are sought that will also incur a lifecycle charge as outlined above, evidence should be obtained to demonstrate that the costs to be incurred are not excessive when compared to the costs of procuring work or services by traditional means. The impact on the overall costs of such works on the original contract costs should also be recorded more clearly to enable early identification of trends, where costs may be likely to increase significantly over time as the risk of buildings and resources deteriorating increases.
- In similar vein, it was noted that only one instance had been recorded in 2018/19 where Keith Primary School had claimed a deduction on costs where the Facilities Management contractor had not achieved the contract specification requirement. This may reflect high standards in facilities management, however 'failures' are more likely in the later years of a contract, and project management should liaise with the school management and ensure there is an awareness of all circumstances in which the council can claim any eligible deductions as per the Contract Specification.
- Both contracts contain detailed Schedules of Maintenance and Servicing Requirements, and while it is the responsibility of the contractors to ensure these requirements are met, consideration should be given to Council officers undertaking separate monitoring to ensure compliance.

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

## Recommendations: PPP & DBFM Contracts

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	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
<b>Key Control:</b> Appropriate contract monitoring procedures are being followed to ensure compliance with the agreed contract specification.						
<b>5.1</b>	Financial Monitoring Records should record all expenditure to ensure more effective budget monitoring of the contracts.	Medium	Yes	Overviews of each contract year for both contracts are kept and checked against FMS on a regular basis. Copies of each year are available for scrutiny if required.	Property Asset Manager	Implemented
<b>5.2</b>	Regular reconciliations should be undertaken between the Financial Monitoring Records maintained by the Service and the Council's Financial Management System. (Further	High	Yes	Overviews of each contract year for both contracts are kept and checked	Property Asset Manager	Implemented

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
	training of the Council's Financial Management System can be obtained from the Accountancy Section.)			regularly against FMS. Copies of invoices are available if required for scrutiny.		
<b>5.3</b>	Regular reviews should be undertaken to ensure actual expenditure is in accordance with financial projections detailed within the Final Business Case for funding. Any variance should be highlighted and reported to Committee.	<b>High</b>	<b>Yes</b>	There is currently no reporting done by the Property Team on the PPP contracts. Agreed in principle. However, due to the current requirement for additional resources to deal with pandemic related issues, recommendation will be reviewed again for implementation by the 31/3/22. This recommendation	Property Asset Manager	31/3/2022

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
				will require support from the Accountancy Section to progress.		
<b>5.4</b>	Confirmation should be obtained from the Accountancy Section every year and a review undertaken every 6 months to verify the accuracy of the unitary charge.	Medium	Yes	When the Indexation calculation is presented annually the AAR requests that Accountancy check the figures to ensure they are accurate. The indexation is applied from the 1 <sup>st</sup> of April annually.	Property Asset Manager	Implemented
<b>5.5</b>	Consideration should be given	Medium	Yes	A user guide	Property	Implemented.

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
	to providing further training and guidance to officers of Keith Primary School regarding the procedures for recording incidents where the Facilities Management Contractor has not achieved the required contract specification.			has been prepared for distribution on both contracts. The Acting Authority Representative (AAR) will also deliver a presentation to each school when the current situation permits.	Asset Manager	Presentations will take place when the current situation changes permits.
<b>5.6</b>	Consideration should be given to undertaking a benchmarking exercise regarding additional work charges including lifecycle costs provide value for money to the Council.	<b>Medium</b>		The contracts have now moved to the Property Asset Management Team and the resources to check all works are now	Property Asset Manager	Implemented



Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	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
				readily available to the AAR within their role in the property team.		
<b>5.7</b>	All additional work or services issued to the Facilities Management Contractors should be supported by an Authorised Notice of Change Order.	Medium		Agreed	Property Asset Manager	Implemented
<b>5.8</b>	A reminder should be issued to the Facilities Management Contractors of the requirement to maintain Disaster Recovery Plans and monitoring undertaken to ensure these are received within agreed timescales.	Medium		Deductions have been taken for a failure of the contractor to submit the plan.	Property Asset Manager	Implemented. Both plans have now been received and are updated annually

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
<b>No.</b>	<b>Audit Recommendation</b>	<b>Priority</b>	<b>Accepted (Yes/ No)</b>	<b>Comments</b>	<b>Responsible Officer</b>	<b>Timescale for Implementation</b>
<b>5.9</b>	In consultation with Property Services, consideration should be given to undertaking further monitoring of the contractors' responsibility to ensure servicing and maintenance requirements for the buildings are carried out in accordance with the agreed contract specification.	Medium	Yes	Staffing restructure have included additional responsibility for undertaking condition surveys to ensure compliance with contract conditions	Property Asset Manager	Implemented
<b>5.10</b>	Confirmation should be obtained at regular intervals during the period of both contracts that employees of the Facilities Management Contractors have been subject to a satisfactory disclosure check.	Low	Yes	Agreed	Property Asset Manager	Implemented Included as reporting requirement within monthly contractor reports.